

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

| | | | |
|---|---------------------|----|-----------------------|
| Facility Name: Collinsville Dialysis | | | |
| Street Address: 101 Lanter Court, Bldg. 2 | | | |
| City and Zip Code: Collinsville, IL 62234 | | | |
| County: Madison | Health Service Area | 11 | Health Planning Area: |

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| |
|--|
| Exact Legal Name: DaVita Inc. |
| Street Address: 2000 16 th Street |
| City and Zip Code: Denver, Colorado 80201 |
| Name of Registered Agent: Corporation Service Company |
| Registered Agent Street Address: 251 Little Falls Drive |
| Registered Agent City and Zip Code: Wilmington, Delaware 19808 |
| Name of Chief Executive Officer: Javier J. Rodriguez |
| CEO Street Address: 2000 16 th Street |
| CEO City and Zip Code: Denver, Colorado 80201 |
| CEO Telephone Number: 303-405-2100 |

Type of Ownership of Applicants

| | |
|--|--|
| <input type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input checked="" type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| | <input type="checkbox"/> Other |

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

| |
|---|
| Name: Kara Friedman/Anne Cooper |
| Title: Attorney |
| Company Name: Polsinelli PC |
| Address: 150 North Riverside Plaza, Suite 3000 |
| Telephone Number: 312-873-3639/312-873-3606 |
| E-mail Address: kfriedman@polsinelli.com/acooper@polsinelli.com |
| Fax Number: |

Additional Contact [Person who is also authorized to discuss the application for permit]

| |
|--|
| Name: Mary J. Anderson |
| Title: Divisional Vice President |
| Company Name: DaVita Inc. |
| Address: 309 East Chamberlin Street, Dixon, Illinois 61021 |
| Telephone Number: 815-594-1131 |
| E-mail Address: mary.j.anderson@davita.com |
| Fax Number: |

Facility/Project Identification

| | | | |
|---|---------------------|----|-----------------------|
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| City and Zip Code: Collinsville, IL 62234 | | | |
| County: Madison | Health Service Area | 11 | Health Planning Area: |

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| |
|---|
| Exact Legal Name: Total Renal Care, Inc. |
| Street Address: 2000 16 th Street |
| City and Zip Code: Denver, Colorado 80201 |
| Name of Registered Agent: Illinois Corporation Services Company |
| Registered Agent Street Address: 801 Adlai Stevenson Drive |
| Registered Agent City and Zip Code: Springfield, Illinois 62703 |
| Name of Chief Executive Officer: Javier J. Rodriguez |
| CEO Street Address: 2000 16 th Street |
| CEO City and Zip Code: Denver, Colorado 80201 |
| CEO Telephone Number: 303-405-2100 |

Type of Ownership of Applicants

| | | | | |
|-------------------------------------|---------------------------|--------------------------|---------------------|--------------------------------|
| <input type="checkbox"/> | Non-profit Corporation | <input type="checkbox"/> | Partnership | |
| <input checked="" type="checkbox"/> | For-profit Corporation | <input type="checkbox"/> | Governmental | |
| <input type="checkbox"/> | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship | <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

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| Name: Mary J. Anderson |
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| Address: 309 East Chamberlin Street, Dixon, Illinois 61021 |
| Telephone Number: 815-594-1131 |
| E-mail Address: mary.j.anderson@davita.com |
| Fax Number: |

Post Permit Contact

[Person to receive all correspondence after permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]

| |
|---|
| Name: Kara Friedman/Anne Cooper |
| Title: Attorney |
| Company Name: Polsinelli PC |
| Address: 150 North Riverside Plaza, Suite 3000 |
| Telephone Number: 312-873-3639/312-873-3606 |
| E-mail Address: kfriedman@polsinelli.com/acooper@polsinelli.com |
| Fax Number: |

Site Ownership

[Provide this information for each applicable site]

| |
|---|
| Exact Legal Name of Site Owner: Lanter Business Park, L.L.C |
| Address of Site Owner: 1600 Wayne Lanter Avenue, Madison, Illinois 62060 |
| Street Address or Legal Description of Site: 101 Lanter Court, Bldg. 2, Collinsville, IL 62234 Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease. |
| APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

| |
|--|
| Exact Legal Name: Total Renal Care, Inc. |
| Address: 2000 16 th Street, Denver, CO 80202 |
| <input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other |
| <ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. |
| APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

| |
|---|
| APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |
|---|

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>). **NOTE:** A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

APPEND DOCUMENTATION AS **ATTACHMENT 5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT 6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification :

- Substantive
- Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

DaVita Inc. and Total Renal Care, Inc. (collectively, "DaVita" or the "Applicants") seek authority from the Illinois Health Facilities and Services Review Board (the "State Board") to add four dialysis stations to its existing in-center hemodialysis facility located at 101 Lanter Court, Building 2, Collinsville, Illinois (the "Project"). The Project involves the discontinuation and transfer of patients at Edwardsville Dialysis, an 8-station in-center hemodialysis facility located at 235 South Buchanan Street, Edwardsville, Illinois 62025, to Collinsville Dialysis.

The total project cost is \$28,667.

This project is a non-substantive project because it does not involve the establishment of a health care facility.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

| Project Costs and Sources of Funds | | | |
|---|-----------------|-------------|-----------------|
| USE OF FUNDS | CLINICAL | NONCLINICAL | TOTAL |
| Preplanning Costs | | | |
| Site Survey and Soil Investigation | | | |
| Site Preparation | | | |
| Off Site Work | | | |
| New Construction Contracts | | | |
| Modernization Contracts | | | |
| Contingencies | | | |
| Architectural/Engineering Fees | | | |
| Consulting and Other Fees | | | |
| Movable or Other Equipment (not in construction contracts) | | | |
| Bond Issuance Expense (project related) | | | |
| Net Interest Expense During Construction (project related) | | | |
| Fair Market Value of Leased Space or Equipment | | | |
| Other Costs to Be Capitalized* | \$28,667 | | \$28,667 |
| Acquisition of Building or Other Property (excluding land) | | | |
| TOTAL USES OF FUNDS | \$28,667 | | \$28,667 |
| SOURCE OF FUNDS | CLINICAL | NONCLINICAL | TOTAL |
| Cash and Securities | | | |
| Pledges | | | |
| Gifts and Bequests | | | |
| Bond Issues (project related) | | | |
| Mortgages | | | |
| Leases (fair market value) | | | |
| Governmental Appropriations | | | |
| Grants | | | |
| Other Funds and Sources | \$28,667 | | \$28,667 |
| TOTAL SOURCES OF FUNDS | \$28,667 | | \$28,667 |
| NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. | | | |

*Net book value of dialysis machines to be transferred to Collinsville Dialysis

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

| |
|--|
| <p>Land acquisition is related to project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Purchase Price: \$ _____</p> <p>Fair Market Value: \$ _____</p> |
| <p>The project involves the establishment of a new facility or a new category of service <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.</p> <p>Estimated start-up costs and operating deficit cost is \$ _____.</p> |

Project Status and Completion Schedules

| |
|--|
| For facilities in which prior permits have been issued please provide the permit numbers. |
| <p>Indicate the stage of the project's architectural drawings:</p> <p style="text-align: center;"> <input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input type="checkbox"/> Schematics <input type="checkbox"/> Final Working </p> |
| <p>Anticipated project completion date (refer to Part 1130.140): <u>December 31, 2023</u></p> |
| <p>Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):</p> <p> <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies <input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance. </p> |
| <p>APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p> |

State Agency Submittals [Section 1130.620(c)]

| |
|--|
| <p>Are the following submittals up to date as applicable?</p> <p> <input type="checkbox"/> Cancer Registry – NOT APPLICABLE <input type="checkbox"/> APORS – NOT APPLICABLE <input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted <input checked="" type="checkbox"/> All reports regarding outstanding permits </p> <p>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</p> |
|--|

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the departments or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Not Reviewable Space [i.e., non-clinical]: means an area for the benefit of the patients, visitors, staff, or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers. [20 ILCS 3960/3]

| Dept. / Area | Cost | Gross Square Feet | | Amount of Proposed Total Gross Square Feet That Is: | | | |
|-----------------------|------|-------------------|----------|---|------------|-------|---------------|
| | | Existing | Proposed | New Const. | Modernized | As Is | Vacated Space |
| REVIEWABLE | | | | | | | |
| Medical Surgical | | | | | | | |
| Intensive Care | | | | | | | |
| Diagnostic Radiology | | | | | | | |
| MRI | | | | | | | |
| Total Clinical | | | | | | | |
| | | | | | | | |
| NON-REVIEWABLE | | | | | | | |
| Administrative | | | | | | | |
| Parking | | | | | | | |
| Gift Shop | | | | | | | |
| | | | | | | | |
| Total Non-clinical | | | | | | | |
| TOTAL | | | | | | | |

APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization – NOT APPLICABLE

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available**. **Include observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

| | | | | | |
|---------------------------------------|------------------------|-------------------|---------------------|--------------------|----------------------|
| FACILITY NAME: | | CITY: | | | |
| REPORTING PERIOD DATES: | | | | | |
| | | From: | to: | | |
| Category of Service | Authorized Beds | Admissions | Patient Days | Bed Changes | Proposed Beds |
| Medical/Surgical | | | | | |
| Obstetrics | | | | | |
| Pediatrics | | | | | |
| Intensive Care | | | | | |
| Comprehensive Physical Rehabilitation | | | | | |
| Acute/Chronic Mental Illness | | | | | |
| Neonatal Intensive Care | | | | | |
| General Long-Term Care | | | | | |
| Specialized Long-Term Care | | | | | |
| Long Term Acute Care | | | | | |
| Other ((identify) | | | | | |
| TOTALS: | | | | | |

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of ***DaVita Inc.** in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.



Signature

Stephanie N. Berberich

Printed Name

Assistant Secretary

Printed Title

Signature

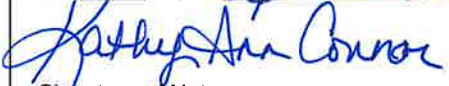
Samuel T. Wey

Printed Name

Delegated Official

Printed Title

Notarization:
Subscribed and sworn to before me
this 3rd day of September 2022



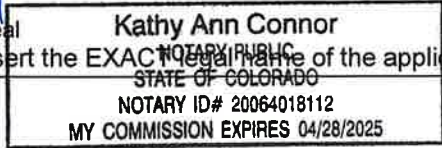
Signature of Notary

Seal
*Insert the EXACT legal name of the applicant

Notarization:
Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Seal



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Signature

Stephanie N. Berberich

Printed Name

Assistant Secretary

Printed Title

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

Signature

Samuel T. Wey

Printed Name


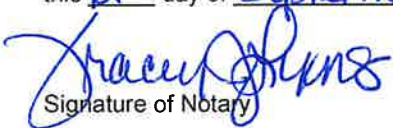
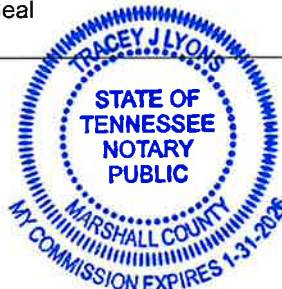
Delegated Official

Printed Title

Notarization:
Subscribed and sworn to before me
this 12th day of September

Signature of Notary

Seal

CERTIFICATION

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Signature

Stephanie N. Berberich

Printed Name

Secretary

Printed Title

Signature

Samuel T. Wey

Printed Name

Delegated Official

Printed Title

Notarization:

Subscribed and sworn to before me this 13th day of September 2022

Signature of Notary

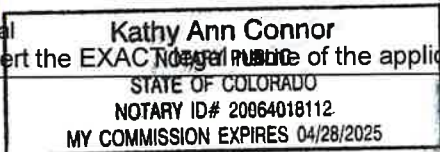
Notarization:

Subscribed and sworn to before me this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT copy of the applicant



Seal

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Signature

Stephanie N. Berberich

Printed Name

Secretary

Printed Title

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

Signature

Samuel T. Wey

Printed Name

Delegated Official

Printed Title

Notarization:
Subscribed and sworn to before me
this 12th day of September

Signature of Notary

Seal

(Handwritten signatures in blue ink: one large signature above Samuel T. Wey, and another signature below the notarization text.)



SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
 - a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.
 - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted, or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction, and submit any police or court records regarding any matters disclosed.
 - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
 - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
 - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant can submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.110(b) & (d)**PURPOSE OF PROJECT**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost.
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes.
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality, and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

| SIZE OF PROJECT | | | | |
|--------------------|--------------------|----------------|------------|---------------|
| DEPARTMENT/SERVICE | PROPOSED BGSF/DGSF | STATE STANDARD | DIFFERENCE | MET STANDARD? |
| | | | | |

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions, or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

| UTILIZATION | | | | | |
|-------------|----------------|---|-----------------------|----------------|----------------|
| | DEPT./ SERVICE | HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC. | PROJECTED UTILIZATION | STATE STANDARD | MEET STANDARD? |
| YEAR 1 | | | | | |
| YEAR 2 | | | | | |

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI. SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing the establishment, expansion, or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion, and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria, and provide the required information **APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:**

F. Criterion 1110.230 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize the In-Center Hemodialysis category of service must submit the following information:
2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

| Category of Service | # Existing Stations | # Proposed Stations |
|---|---------------------|---------------------|
| <input checked="" type="checkbox"/> In-Center Hemodialysis | 8 | 12 |

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

| APPLICABLE REVIEW CRITERIA | Establish | Expand | Modernize |
|--|------------------|---------------|------------------|
| 1110.230(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (Formula calculation) | X | | |
| 1110.230(b)(2) - Planning Area Need - Service to Planning Area Residents | X | X | |
| 1110.230(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service | X | | |
| 1110.230(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service | | X | |
| 1110.230(b)(5) - Planning Area Need - Service Accessibility | X | | |
| 1110.230(c)(1) - Unnecessary Duplication of Services | X | | |
| 1110.230(c)(2) - Maldistribution | X | | |
| 1110.230(c)(3) - Impact of Project on Other Area Providers | X | | |
| 1110.230(d)(1), (2), and (3) - Deteriorated Facilities and Documentation | | | X |
| 1110.230(e) - Staffing | X | X | |
| 1110.230(f) - Support Services | X | X | X |
| 1110.230(g) - Minimum Number of Stations | X | | |
| 1110.230(h) - Continuity of Care | X | | |
| 1110.230(i) - Relocation (if applicable) | X | | |
| 1110.230(j) - Assurances | X | X | |

APPEND DOCUMENTATION AS ATTACHMENT 24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document those financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [**Indicate the dollar amount to be provided from the following sources**]:

| | |
|-------|--|
| _____ | a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion. |
| _____ | b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience. |
| _____ | c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts. |
| _____ | d) Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated. 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate. 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc. 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment. 5) For any option to lease, a copy of the option, including all terms and conditions. |

| | |
|--|---|
| <p>_____</p> <p>_____</p> <p><u>\$28,667</u></p> | <p>e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent.</p> <p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt.</p> <p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p> |
| <p><u>\$28,667</u></p> | <p>TOTAL FUNDS AVAILABLE</p> |
| <p>APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p> | |

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding, or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All the project's capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

| | Historical 3 Years | | | Projected |
|---|-----------------------|--|--|-----------|
| Enter Historical and/or Projected Years: | | | | |
| Current Ratio | | | | |
| Net Margin Percentage | | | | |
| Percent Debt to Total Capitalization | | | | |
| Projected Debt Service Coverage | | | | |
| Days Cash on Hand | | | | |
| Cushion Ratio | | | | |

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available.
- 2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors.
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

| COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE | | | | | | | | | |
|---|------------------------------|---|-----------------------------|---|------------------------------|---|----------------------|--------------------|--------------------------|
| Department (List below) | A | B | C | D | E | F | G | H | Total Cost (G + H) |
| | Cost/Square Foot New Mod. | | Gross Sq. Ft. New Circ.* | | Gross Sq. Ft. Mod. Circ.* | | Const. \$ (A x C) | Mod. \$ (B x E) | |
| | | | | | | | | | |
| Contingency | | | | | | | | | |
| TOTALS | | | | | | | | | |

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

1. The project's material impact, if any, on essential safety net services in the community, ***including the impact on racial and health care disparities in the community***, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in each community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 37.

| Safety Net Information per PA 96-0031 | | | |
|---------------------------------------|------|------|------|
| CHARITY CARE | | | |
| Charity (# of patients) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| Charity (cost in dollars) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| MEDICAID | | | |
| Medicaid (# of patients) | Year | Year | Year |
| Inpatient | | | |
| Outpatient | | | |
| Total | | | |
| Medicaid (revenue) | Year | Year | Year |
| Inpatient | | | |

| | | | | |
|--|--------------|--|--|--|
| | Outpatient | | | |
| | Total | | | |

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

"Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

| CHARITY CARE | | | |
|----------------------------------|------|------|------|
| | Year | Year | Year |
| Net Patient Revenue | | | |
| Amount of Charity Care (charges) | | | |
| Cost of Charity Care | | | |

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Applicants

Certificates of Good Standing for DaVita Inc. and Total Renal Care, Inc. (collectively, the “Applicants” or “DaVita”) are attached at Attachment – 1.

Total Renal Care, Inc. is the operator of Collinsville Dialysis. Collinsville Dialysis is a trade name of Total Renal Care, Inc. and is not separately organized.

As the person with final control over the operator, DaVita Inc. is named as an applicant for this CON application. DaVita Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita Inc. from the state of its incorporation, Delaware, is attached.

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DAVITA INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF SEPTEMBER, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.



2391269 8300

SR# 20223483981

You may verify this certificate online at corp.delaware.gov/authver.shtml

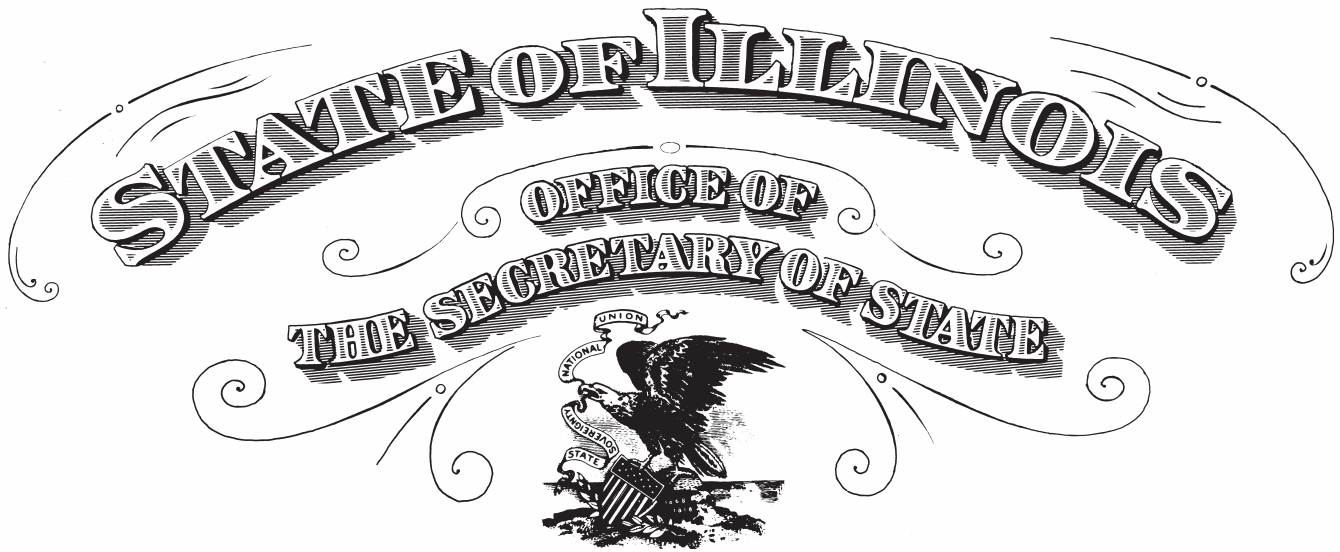
A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 204354660

Date: 09-09-22

File Number

5823-002-2

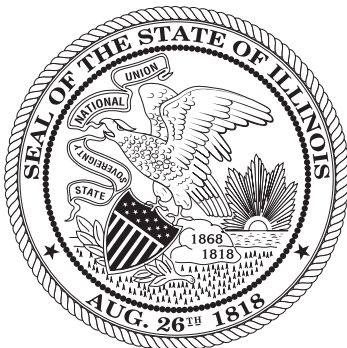


To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 9TH day of SEPTEMBER A.D. 2022 .



Authentication #: 2225202374 verifiable until 09/09/2023

Authenticate at: <https://www.ilsos.gov>

Jesse White

SECRETARY OF STATE

Section I, Identification, General Information, and Certification
Site Ownership

The lease between Lanter Business Park, L.L.C. and Total Renal Care Inc. to lease the facility located at 101 Lanter Court, Bldg. 2, Collinsville, IL 62234 is attached at Attachment – 2.

LEASE AGREEMENT

BY AND BETWEEN

LANTER BUSINESS PARK, LLC

("LANDLORD")

AND

TOTAL RENAL CARE, INC.

("TENANT")

FOR SPACE AT

101 Lanter Court, Suites 109-111 (Bld 2), Collinsville, IL 62234

August 20, 2016

Dated: _____

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EXHIBITS

EXHIBIT A- LEGAL DESCRIPTION/ BUILDING SITE PLAN

EXHIBIT B- PREMISES FLOOR PLAN

EXHIBIT C- FORM OF COMMENCEMENT DATE MEMORANDUM

EXHIBIT D- FORM OF SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

EXHIBIT E- FORM OF ESTOPPEL CERTIFICATE

EXHIBIT F- LANDLORD'S WORK

EXHIBIT G- MEMORANDUM OF LEASE

DATA SHEET

Landlord: Lanter Business Park LLC, an Illinois limited liability company
 Address of Landlord: Lanter Business Park, LLC
 36 West Brentmoor Park
 St. Louis, MO 63105
 Attn: Steve Lanter, President & CEO

Address for Payment of Rent: 1914 Spring Breeze Lane
 Chesterfield, MO 63017

Tenant: Total Renal Care, Inc.

Address of Tenant: c/o DaVita Healthcare Partners, Inc.
 Attn: Real Estate Legal
 2000 16th Street
 Denver, CO 80202

Concurrently to:

relegal@davita.com, Subject: Collinsville, IL (3722)

Premises Address: 101 Lanter Court, Suites 109-111 (Bld 2), Collinsville, IL 62234

Premises Rentable Area: 6,142 rentable square feet

Building Rentable Area: 6,142 rentable square feet

Base Rent for Term:

| <u>Initial Term Period</u> | <u>Base Rent Per Square Foot</u> | <u>Monthly Base Rent</u> | <u>Annual Base Rent</u> |
|--|----------------------------------|--------------------------|-------------------------|
| Full months 1 through 12 inclusive: | \$12.00 | \$6,142.00 | \$73,704.00 |
| Full months 13 through 24 inclusive: | \$12.24 | \$6,264.84 | \$75,178.08 |
| Full months 25 through 36 inclusive: | \$12.48 | \$6,390.14 | \$76,681.64 |
| Full months 37 through 48 inclusive: | \$12.73 | \$6,517.94 | \$78,215.27 |
| Full months 49 through 60 inclusive: | \$12.99 | \$6,648.30 | \$79,779.58 |
| Full months 61 through 72 inclusive: | \$13.25 | \$6,781.26 | \$81,375.17 |
| Full months 73 through 84 inclusive: | \$13.51 | \$6,916.89 | \$83,002.67 |
| Full months 85 through 96 inclusive: | \$13.78 | \$7,055.23 | \$84,662.73 |
| Full months 97 through 108 inclusive: | \$14.06 | \$7,196.33 | \$86,355.98 |
| Full months 109 through 120 inclusive: | \$14.34 | \$7,340.26 | \$88,083.10 |

| <u>Option 1 Period</u> | <u>Base Rent Per Square Foot</u> | <u>Monthly Base Rent</u> | <u>Annual Base Rent</u> |
|--|----------------------------------|--------------------------|-------------------------|
| Full months 121 through 118 inclusive: | \$ 14.63 | \$ 7,487.06 | \$ 89,844.76 |

| <u>Option 2 Period</u> | <u>Base Rent Per Square Foot</u> | <u>Monthly Base Rent</u> | <u>Annual Base Rent</u> |
|--|----------------------------------|--------------------------|-------------------------|
| Full months 181 through 240 inclusive: | \$14.92 | \$7,636.81 | \$91,641.66 |

Collinsville, IL (3722)

{M0432567.2}

DATA SHEET

| <u>Option 3 Period</u> | <u>Base Rent Per Square Foot</u> | <u>Monthly Base Rent</u> | <u>Annual Base Rent</u> |
|--|----------------------------------|--------------------------|-------------------------|
| Full months 241 through 300 inclusive: | \$15.22 | \$7,789.54 | \$93,474.49 |

LEASE AGREEMENT

August 20, 2016

THIS LEASE AGREEMENT (this "Lease"), made and entered into on _____ (the "Effective Date"), by and between, **LANTER BUSINESS PARK, LLC**, an Illinois limited liability company ("Landlord"), and **TOTAL RENAL CARE, INC.**, a California corporation ("Tenant").

WITNESSETH:

WHEREAS, Landlord desires to demise, lease and rent unto Tenant, and Tenant desires to rent and lease from Landlord space located at 101 Lanter Court, Suites 109-111 (Bld 2), Collinsville, IL 62234, as more particularly described on Exhibit A (the "Building"), together with all improvements thereon and appurtenant rights thereto including, without limitation, parking areas, easements, declarations and rights of way; and

WHEREAS, the Building contains approximately 6,142 rentable square feet (the "Building Rentable Area") and the leased premises (the "Premises") shall consist of approximately 6,142 rentable square feet (the "Premises Rentable Area") as more fully depicted on the floor plan attached as Exhibit B.

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and agreements herein contained, Landlord does hereby demise, lease and rent unto Tenant and Tenant does hereby rent and lease from Landlord the Premises, under and pursuant to the following terms and conditions:

1. Demise; Premises. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises and all easements and appurtenances related thereto, for the rents, covenants and conditions (including limitations, restrictions and reservations) hereinafter provided, together with parking for Tenant's employees, patients and invitees in the locations shown on Exhibit A and the nonexclusive right to use all Common Areas (as defined in Section 20.1(a)).
2. Term and Delivery of Premises.

2.1 **Term.** The term of this Lease shall be for 120 months (the "Term") and shall commence upon the earlier of the occurrence of the following two events (the "Commencement Date"): (i) the first day of the seventh (7th) month following the Possession Date, as hereafter defined; or (ii) that date that Tenant obtains all necessary licenses and permits necessary to conduct its business in the Premises, including, but not limited to, the certificate of occupancy from the applicable municipal authority in which the Premises is located. The expiration date of the Term shall be the last day of the 120th month following the Commencement Date (the "Expiration Date"), unless the Term is renewed in which event the Expiration Date shall extend to the end of such exercised renewal period(s). Each 12 month period beginning on the Commencement Date or any anniversary thereof shall hereinafter be called a "Lease Year." Upon determination of the Possession Date and Commencement Date, Landlord shall complete, execute and forward a Commencement Date Memorandum in the form attached as Exhibit C to Tenant for Tenant's approval and execution. In the event the Possession Date does not fall on the first day of the month, Base Rent and Additional Rent shall be prorated for any partial month and Tenant shall pay for such proration on the first day of the month following the Commencement Date.

2.2 **Estimated Possession Date; Delay in Delivery.**

(a) Landlord shall deliver possession of the Premises to Tenant with Landlord's Work (as defined in Section 9) relating to the interior portion of the Premises (Item 1 of the Landlord's Work) substantially completed on or before that date which is 60 days after the Effective Date (the "Estimated Possession Date"). "Substantially completed" shall mean all construction is complete except for nominal punch list items. If the date Landlord actually delivers the Premises (the "Possession Date") is later than 30 days after the Estimated Possession Date and is not the result of Tenant delay or neglect, Tenant shall receive a rent credit in an amount equal to two day's Base Rent and Additional Rent (both as defined below, in an amount equal to the applicable rate for periods following any rent abatement) for

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each day or part thereof that the Possession Date is later than the Estimated Possession Date. Tenant may, but shall not be obligated to, accept possession of the Premises prior to the Estimated Possession Date. Furthermore, in no event shall the time period used for calculating the Commencement Date begin to accrue prior to the Estimated Possession Date. If the Possession Date has not occurred by 90 days after the Estimated Possession Date (the "Outside Possession Date"), Tenant may elect one of the following additional rights: (i) to terminate this Lease by written notice to Landlord; or (ii) to receive one day of Base Rent and Additional Rent abatement (in an amount equal to the applicable rent rate for periods following any rent abatement) for each day of delay in substantial completion of Landlord's Work beyond the Estimated Possession Date. **Notwithstanding the foregoing, Landlord agrees to complete Item 1 of the Landlord's Work by the Estimated Possession Date with the balance of the Landlord's Work being completed contemporaneous with the Tenant's buildout.**

3. **Rent.** Beginning on the Commencement Date, Tenant shall pay as initial annual base rent ("Base Rent") the amount set forth in the Data Sheet (attached hereto), in advance, on the first day of each calendar month during the Term, such monthly installment and any Additional Rent or other charges to be prorated for any partial calendar month in which the Commencement Date or Expiration Date occurs. As a condition to payment of Base Rent, Additional Rent, or other charges, Landlord shall provide Tenant with a completed Form W-9 Request for Taxpayer Information and Certification, a fully executed Commencement Date Memorandum, and for Additional Rent, Landlord's initial estimate of Operating Expenses. Upon any assignment by Landlord of its rights, title and interest in and to this Lease, Landlord shall cause such successor Landlord to deliver a completed Form W-9 to Tenant.

The parties agree that for purposes of this Lease the actual rentable square footage is 6,142.

Except as otherwise provided in this Lease, it is the intention of the parties that Landlord shall receive Base Rent, Additional Rent, and all sums payable by Tenant under this Lease free of all taxes, expenses, charges, damages and deductions of any nature whatsoever (except as otherwise provided herein).

4. **Renewals.** So long as Tenant is not in default in the performance of any of the terms, covenants, and conditions contained in this Lease, Tenant shall have the right and option to renew this Lease for 3 additional periods of five years each, next immediately ensuing after the expiration of the initial Term and any subsequent renewal period by notifying Landlord in writing not more than 24 months and not less than six months before the expiration of the immediately preceding initial Term or subsequent renewal Term of Tenant's intention to exercise its option to renew. Notwithstanding prior delivery of such notice, the notice shall be effective, notwithstanding anything to the contrary in such notice, not earlier than six months before the expiration of the immediately preceding initial Term or subsequent renewal Term. In the event that Tenant so elects to extend this Lease, then, for such extended period of the Term, all of the terms, covenants and conditions of this Lease shall continue to be, and shall be, in full force and effect during such extended period of the Term, except that Base Rent during the renewal terms (if any) shall be the amounts set forth in the Data Sheet.

5. **Condition of Premises.** Landlord warrants to Tenant, for a period of 120 days after the Possession Date that the HVAC, electrical and plumbing systems constituting a part of the Premises ("Building Systems") will be in good order and condition. Tenant shall give written notice to Landlord within such 120-day period of any existing condition with Building Systems which Tenant reasonably determines to be defective or other than as represented by Landlord herein. Landlord will, upon receipt of such notice from Tenant, promptly repair such defective condition, at Landlord's cost and expense (and the expense of which shall not be an Operating Expense (as defined in Section 8)), to the extent that such condition is not found to be the result of any alteration or change made by Tenant or on Tenant's behalf. Landlord represents and warrants that the roof and roof membrane are free of leaks and in good condition as of the Possession Date. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, TENANT ACCEPTS THE PREMISES "AS-IS", "WHERE IS" AND WITH ALL FAULTS IN ITS CONDITION AS OF THE EXECUTION OF THE LEASE, and subject to all laws, ordinances, governmental regulations and orders, covenants, conditions and restrictions. Except as expressly provided herein, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Premises or the suitability of the Premises for Tenant's Permitted Use.

6. Use of Premises. Tenant may occupy and use the Premises during the Term for purposes of the operation of an outpatient renal dialysis clinic, renal dialysis home training, aphaeresis services and similar blood separation and cell collection procedures, general medical offices, clinical laboratory, including all incidental, related and necessary elements and functions of other recognized dialysis disciplines which may be necessary or desirable to render a complete program of treatment to patients of Tenant and related office and administrative uses or for any other lawful purpose(s) (the "Permitted Use"). Tenant may operate during such days and hours as Tenant may determine, without the imposition of minimum or maximum hours of operation by Landlord, and Tenant shall have exclusive use of and full-time access to the Premises, and may operate, up to 24 hours per day, seven days per week, year-round.

Landlord shall not sell, rent or permit any property owned, leased or controlled by Landlord within a 5 mile radius (the "Excluded Properties") to be occupied or used by a business that derives more than ten percent of its revenues from renal dialysis, renal dialysis home training, any aphaeresis service(s) or similar blood separation or cell collection procedures, except services involving the collection of blood or blood components from volunteer donors. Landlord shall not display or permit to be displayed upon the Excluded Properties any advertisement for any such business, other than Tenant's advertisement(s) for Tenant's business(es).

If Landlord leases space within the Building to any tenant that substantially and materially impairs Tenant's ability to use the Premises for the Permitted Use, including but not limited to any business that involves extremely loud and continuous noises, obnoxious food or chemical odors, or is otherwise a nuisance, and the disruption continues for in excess of 30 days after notice to Landlord from Tenant, Tenant shall have the right to implement such control measures as it deems reasonable to isolate Tenant from such noise, odors, or other nuisance, at Landlord's expense. If the control measures are unsuccessful, Tenant shall have the right to terminate this Lease.

In the event at any time after the Commencement Date the use of the Premises as a dialysis facility becomes illegal or Tenant is no longer eligible to receive reimbursements from Medicare or Medicaid by reasons or acts not within Tenant's control, notwithstanding any other permitted uses, Tenant may terminate this Lease and, thereafter, neither party shall have any further obligations under this Lease after the date of termination, except those that expressly survive such termination. As an express condition precedent to Tenant's right to terminate under this subsection, Tenant shall first (i) provide Landlord with one hundred twenty (120) days' written notice of its intention to terminate, and (ii) within thirty (30) days after providing such written notice, pay to Landlord as liquidated damages and not a penalty a sum equal to thirty six (36) months of then-applicable Base Rent and Additional Rent.

Landlord hereby acknowledges that in order to provide a continuum of care to Tenant's patients, Tenant may request a delay in the effective date of Tenant's termination of this Lease under any provision of this Lease giving Tenant the right to terminate until such time as Tenant has established an alternative location for the treatment of Tenant's patients not to exceed ninety (90) days. Landlord may grant such request in Landlord's sole discretion, provided that Tenant continue to pay the Base Rent and Additional Rent for any period of extension.

7. Assignment/Subletting. Except for a Permitted Transfer (as defined below), Tenant shall not assign this Lease, or sublet the Premises, or any part thereof, without Landlord's prior written consent which consent shall not be unreasonably withheld, conditioned or delayed. Any denial by Landlord of such sublease or assignment by Tenant must be predicated upon a commercially reasonable basis for such denial. Prior to any sublease or assignment, Tenant shall first notify Landlord in writing of its election to sublease all or a portion of the Premises or to assign this Lease or any interest hereunder. At any time within 30 days after service of such notice, Landlord shall notify Tenant that it consents or refuses to consent to the sublease or assignment. A failure by Landlord to respond within such 30-day period shall be deemed to be a consent.

Notwithstanding the foregoing, no consent of Landlord is required for Tenant to assign, sublet or otherwise transfer (by operation of law or otherwise) this Lease or any of its rights hereunder to: (i) any person, corporation, partnership or other entity which acquires all or substantially all of the business or

assets of Tenant or equity in Tenant; (ii) any person, corporation, partnership or other entity which controls, is controlled by or is under common control with Tenant; (i) any affiliate (within the meaning of such term as set forth in Rule 501 of Regulation D under the Federal Securities Act of 1933, as amended) of Tenant; or (ii) any physician, person, corporation, partnership or other entity subleasing a portion of the Premises for purposes consistent with Tenant's Permitted Use (each a "Permitted Transfer").

No assignment, sublease or other transfer, in whole or in part, of any Tenant's rights or obligations under this Lease shall release Tenant hereunder and Tenant shall remain responsible for performing Tenant's obligations hereunder should Tenant's assignee, subtenant or transferee fail to perform any such obligations, unless specifically provided otherwise by Landlord in writing.

8. Operating Expenses and Utilities.

8.1 Tenant shall pay "Tenant's Proportionate Share" (as defined below) of all Taxes (as defined below), Common Areas (as defined below) maintenance charges for the Building (the "CAM Charges") and Insurance (as defined below), in advance, in equal monthly installments at the time of the payment of Base Rent. Taxes, CAM Charges and Insurance are collectively referred to as the "Operating Expenses." As used herein, all Operating Expenses shall be net of all rebates, fees and incentives that are paid by a provider or vendor to Landlord. Tenant's payments shall be based on Landlord's annual estimate of the Taxes, CAM Charges and Insurance for the applicable calendar year in question. Promptly after the actual Operating Expenses for a calendar year are determined by Landlord, but in no event later than 120 days from the end of each calendar year, Landlord shall provide Tenant with a statement of such actual Operating Expenses for such calendar year (the "Annual Reconciliation Statement"). If the actual Operating Expenses for such calendar year are greater than the amount of Tenant's Proportionate Share of Operating Expenses previously paid by Tenant, Tenant, within 30 days of receipt of such Annual Reconciliation Statement, shall pay to Landlord any deficiency. If such statement shows an overpayment by Tenant, then any surplus paid by Tenant shall be credited to Tenant's next monthly installments of Base Rent and Operating Expenses or, if this Lease has expired or been terminated for reasons other than Tenant's breach or default, be paid to Tenant within 30 days after the end of the Term. The reconciliation obligations under this Section 8.1 shall survive the termination or expiration of this Lease.

"Taxes" shall mean real property taxes, public charges and assessments assessed or imposed during the Term upon the Building or land on which the Building is located; provided, however, that any one-time (as opposed to on-going) special assessment for public improvements having a useful economic life exceeding the remaining Term shall be prorated between Landlord and Tenant using a straight-line method, based on the proportion of that economic life falling within the remaining Term. Taxes shall not include any penalties or interest for late or partial payment (unless such penalties or interest are a result of Tenant's failure to make its payments hereunder) nor any income, franchise, margin, inheritance, estate, transfer, excise, gift or capital gain taxes that are or may be payable by Landlord or that may be imposed against Landlord or against the rents payable hereunder. Landlord shall pay all Taxes prior to delinquency and use its best efforts to take advantage of any savings in Taxes that may be achieved by early payment or payment in installments. Should Landlord choose not to contest any Taxes, Tenant shall have the right to contest the Taxes in Landlord's name and with Landlord's reasonable cooperation, at no expense to Landlord. Landlord, at Tenant's sole expense, shall join in any such contestation proceedings if any Law shall so require. In the event that Landlord does successfully contest the Taxes, the costs of such contesting shall be included in Taxes.

"Tenant's Proportionate Share" is the quotient obtained by dividing the Premises Rentable Area by the Building Rentable Area. Tenant's Proportionate Share as of the Commencement Date is 100%. Landlord and Tenant represent that Tenant is sole occupant of the Building.

8.2 Notwithstanding anything to the contrary contained herein, in no event shall Tenant's Proportionate Share of Operating Expenses from the Commencement Date through the end of the first full calendar year exceed \$5.35 per square foot of the Premises per annum, nor shall Tenant's Proportionate Share of Operating Expenses (excluding Taxes, Insurance and utilities for the Building)

increase more than 3% annually over Tenant's Proportionate Share of Operating Expenses (excluding Taxes, Insurance and utilities for the Building) for the immediately preceding calendar year.

8.3 Tenant shall pay the net cost of all utilities and other services necessary in the operation of the Premises, including but not limited to, gas, fuel oil, electrical, telephone and other utility charges. The Premises shall be separately metered for all utilities, including gas, water and electricity.

8.4 Landlord shall make available at the Building or Landlord's managing agent's office true and accurate records of items that constitute Operating Expenses, calculated in accordance with GAAP or prudent real estate management practices, consistently applied. Such records shall be open for inspection from time to time by Tenant or its duly authorized representative for a period of six (6) months after receipt of Landlord's Annual Reconciliation Statement for such calendar year. If any audit of Landlord's submitted reports discloses an overcharge, Landlord shall promptly pay to Tenant, within 30 days demand by Tenant, the amount of such overcharge, and if such audit discloses an overcharge of more than ten percent, Landlord shall reimburse Tenant its actual costs incurred in connection with Tenant's review or audit. Unless Tenant asserts specific errors within six (6) months after receipt of Landlord's Annual Reconciliation Statement, said Statement shall be deemed to be correct.

8.5 Operating Expenses and other charges due from Tenant to Landlord pursuant to this Lease shall be deemed to be Additional Rent and, in the event that Base Rent shall be prorated or abated pursuant to the terms of this Lease, then such Additional Rent shall be prorated or abated to the same extent and in the same manner, unless otherwise specifically provided for in this Lease.

8.6 Notwithstanding anything to the contrary contained in this Lease, Operating Expenses shall not include the following:

(a) depreciation of the Building and any equipment, fixtures, improvements and facilities used in connection therewith;

(b) payments of principal, interest, loan fees, penalties, attorney's fees or amortization relating to any debt Landlord may have incurred or will incur in the future relating to the ownership, operation and/or maintenance of the Building or land on which the Building is located;

(c) the cost of leasehold improvements, including redecorating or otherwise improving, painting, decorating or redecorating space or vacant space for other tenants of the Building, except in connection with general maintenance of the Building;

(d) fees and expenses (including legal and brokerage fees, advertising, marketing and promotional costs) paid by Landlord in connection with the lease of any space within the Building, including subleasing and assignments;

(e) any validated parking for any entity;

(f) all costs incurred by Landlord in connection with any negotiations or disputes and/or litigation with tenants or occupants within the Building or prospective tenants of the Building;

(g) expenses or costs incurred by Landlord relating to any violation by Landlord or any other tenant of the terms and conditions of any Law or any lease covering any portion of the Building;

(h) the cost of any work or service performed for any tenant in the Building (other than Tenant) to a materially greater extent or in a materially more favorable manner than that furnished generally to tenants (including Tenant) in the Building;

(i) the cost of any repair or replacement which would be required to be capitalized under generally accepted accounting principles, including without limitation the cost of renting any

equipment or materials, which cost would be so capitalized if the equipment or materials were purchased, not rented;

(j) the costs and expenses of any item included in Operating Expenses to the extent that Landlord is actually reimbursed for such cost by an insurance company, a condemning authority, another tenant or any other party;

(k) payments of ground rents and related sums pursuant to a ground lease in favor of a ground landlord;

(l) wages, salaries or other compensation paid to any employees at or above the grade of building manager;

(m) Landlord's general overhead and administrative expenses which are not chargeable to Operating Expenses of the Building or the equipment, fixtures and facilities used in connection with the Building, in accordance with generally accepted accounting principles, including salaries and expenses of Landlord's executive officers;

(n) the cost of correcting defects (latent, patent or otherwise) in the construction of the Building or in the Building equipment, except that conditions (other than construction defects) resulting from ordinary wear and tear shall not be considered defects for purposes hereof;

(o) the cost of installing, operating and maintaining any specialty service (e.g., observatory, broadcasting facility, luncheon club, retail stores, newsstands or recreational club);

(p) any expenses incurred by Landlord for the use of any portions of the Building to accommodate events, including but not limited to shows, promotions, kiosks, displays, filming, photography, private events or parties, ceremonies and advertising beyond the normal expenses otherwise attributable solely to Building services, such as lighting and heating, ventilation and air conditioning ("HVAC") to such public portions of the Building in normal operations during standard Building hours of operation;

(q) any costs representing an amount paid to an entity related to Landlord which is in excess of the commercially reasonable amount which would have been paid absent such relationship;

(r) any entertainment, dining or travel expenses of Landlord for any purpose;

(s) costs related to maintaining Landlord's existence, either as a corporation, partnership or other entity;

(t) any expenses for repairs or maintenance to the extent covered by warranties;

(u) any type of utility service which is separately metered to or separately charged or paid by Tenant or any other tenant in the Building;

(v) the cost of any environmental remediation for which Landlord is responsible under Section 12;

(w) all ad valorem taxes paid or payable by Tenant or other tenants in the Building (i) for personal property and (ii) on the value of the leasehold improvements in the Premises or the Building (in this connection it is agreed that Tenant shall be responsible for the payment of ad valorem taxes on Tenant's own leasehold improvements);

(x) all items and services for which Tenant pays third parties;

(y) the cost of any item which is an expense or cost to Landlord in connection with Landlord's Work or any other work by Landlord to prepare the Premises for occupancy by Tenant including any allowances or credits granted to Tenant in lieu of a payment by Landlord;

(z) the cost of repairing or restoring any portion of the Building damaged by a hazard or taken in condemnation (provided that the amount of any deductible of \$5,000 or less paid by Landlord shall be included in Operating Expenses);

(aa) any costs or expense which is expressly stated in this Lease to be at Landlord's cost and expense; and

(bb) any item which is included in the Operating Expenses which, but for this provision, would be included twice.

9. Landlord's Work. Landlord shall complete all of Landlord's Work, as described in Exhibit F. All Landlord's Work shall be done in a good and workmanlike manner and in compliance with all applicable Laws (as defined in Section 12), ordinances, building and safety codes, regulations and orders of the federal, state, county or other governmental authorities having jurisdiction thereof. Without in any way limiting any obligation of Landlord under this Lease, Landlord shall indemnify, defend and hold harmless Tenant from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of Landlord's Work, which indemnity shall survive termination or expiration of this Lease.

10. Tenant Improvements/Signage. Subject to the remaining provisions of this Section 10, Tenant shall construct its tenant improvements to the Premises and may construct and place a covered drop off canopy at the front entry door of the Premises (the "Tenant Improvements") which construction shall be done in a good and workmanlike manner and in compliance with all applicable laws, ordinances, building and safety codes, regulations and orders of the federal, state, county or other governmental authorities having jurisdiction thereof. Without in any way limiting any obligation of Tenant under this Lease, Tenant shall indemnify, defend and hold harmless Landlord from and against claims, damages, losses and expenses, including, but not limited to attorneys' fees, arising out of or resulting from performance of Tenant Improvements, which indemnity shall survive termination or expiration of this Lease.

Tenant shall contract for the installation of Tenant Improvements with a contractor of Tenant's choice and reasonably acceptable to Landlord. Landlord and Tenant shall mutually approve the plans and specifications of Tenant Improvements prior to the commencement of such work. Landlord shall not charge Tenant any fee or other charges for the supervision and/or overhead associated with the construction of Tenant Improvements.

Tenant shall have the right to place a generator and biomedical waste container outside of and in close proximity to the Premises, in a location mutually agreeable to Landlord and Tenant. In the event the generator is located within the Premises, Tenant, at Tenant's cost and expense, and subject to all other provisions of this Lease related to Tenant Improvements and Alterations, shall have the right to install exhaust venting for such generator from the interior of the Premises to the outside of the Building and a transfer switch to service the generator, provided that Tenant's roofing contractor is approved by Landlord in advance and that the installation of said exhaust venting does not void the roof warranty.

To the maximum extent permitted by applicable Laws, Landlord hereby waives any rights which Landlord may have, as to any of Tenant's furniture, fixtures, equipment, personal property, improvement and alterations, in the nature of a landlord's lien, security interest or otherwise and further waives the right to enforce any such lien or security interest.

Tenant shall have the right to erect, affix and display such signage as Tenant may consider necessary or desirable on the exterior and interior walls, doors and windows of the Premises (including directional and designated parking signage in parking areas) and a sign on the exterior of the Building and a monument sign at locations on the Building and/or related property as shall be agreed to by Landlord or at such

locations as other tenants have signs located, in accordance with the rules and regulations of the Building. All such signs shall comply with all applicable zoning Laws. Tenant shall obtain Landlord's prior approval for signs on the exterior of the Building and each monument sign, which approval shall not be unreasonably withheld, conditioned or delayed, for the location and design of such signs. Landlord, at Landlord's cost and expense, shall timely provide space for Tenant's designated name(s) on any directory boards located in the Building or complex.

11. Alterations. Tenant shall have the right to make such interior non-structural alterations, additions and improvements to the Premises ("Alterations") that it shall deem desirable for the operation of its business, without Landlord's consent, provided that any such Alterations shall not diminish the value of the Premises nor impair the structural integrity of the Premises or the Building. All Alterations shall be in conformance to applicable governmental codes. Any other alterations shall require Landlord's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed. Without in any way limiting any obligation of Tenant under this Lease, Tenant shall indemnify, defend and hold harmless Landlord from and against claims, damages, losses and expenses, including, but not limited to attorneys' fees, arising out of or resulting from performance of Alterations, which indemnity shall survive termination or expiration of this Lease.

12, Environmental. Tenant shall not cause or permit any hazardous or toxic substances, materials or waste, including, without limitation, medical waste and asbestos ("Hazardous Substances") to be used, generated, stored or disposed of in, on or under, or transported to or from, the Premises in violation of any applicable local, state, and federal laws, ordinances, statutes, rules, regulations, executive orders, judgments, decrees, case law, and/or other determinations of an arbitrator or a court or other governmental authority, in each case applicable to or binding upon such person or any of its property or to which such person or any of its property is subject ("Laws"), whether now in existence or hereafter adopted, relating to Hazardous Substances or otherwise pertaining to the environment ("Environmental Laws"). Tenant shall periodically cause to be removed from the Premises such Hazardous Substances placed thereon by Tenant or Tenant's agents, servants, employees, guests, invitees or independent contractors in accordance with good business practices, such removal to be performed by persons or entities duly qualified to handle and dispose of Hazardous Substances. Without limiting the generality of the foregoing, Landlord acknowledges that the following Hazardous Substances, among others, are required for Tenant's business operations: bleach, cidex, hibiclens, metricide, hydrogen peroxide and formaldehyde. Upon the expiration or earlier termination of this Lease, Tenant shall cause all Hazardous Substances placed on the Premises by Tenant to be removed from the Premises, at Tenant's cost and expense and disposed of in strict accordance with Environmental Laws.

Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold Landlord harmless, from and against any and all claims, liabilities, penalties, fines, judgment, forfeitures, losses, costs (including clean-up costs) or expenses (including reasonable attorney's fees, consultant's fees and expert's fees) for the death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (i) the presence in, on, under or about the Premises of any Hazardous Substances caused by Tenant or its agents, servants, employees, guests, invitees or independent contractors; (ii) any discharge or release by Tenant or its agents, servants, employees, guests, invitees or independent contractors in or from the Premises of any Hazardous Substances; (iii) Tenant's use, storage, transportation, generation, disposal, release or discharge of Hazardous Substances to, in, on, under, about or from the Premises; or (iv) Tenant's failure to comply with any Environmental Law ("Tenant Environmental Activities"). If the presence of any Hazardous Substances on, in or under the Premises resulting from any Tenant Environmental Activities, results in (A) injury to any person or entity, (B) injury to or contamination of the Premises or (C) injury to or contamination of any real or personal property wherever situated, Tenant, at its sole cost and expense, shall immediately take all actions necessary to return the Premises to the condition existing prior to the introduction of such Hazardous Substances to the Premises and to remedy or repair any such injury or contamination. Notwithstanding the foregoing, Tenant shall not, without Landlord's prior written consent, enter into any settlement agreement, consent decree or other compromise with any governmental agency with respect to any Hazardous Substances claims. The indemnities set forth in this Section 12 shall survive termination or expiration of this Lease.

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Landlord shall indemnify, defend (by counsel reasonably acceptable to Tenant) and hold Tenant harmless, from and against any and all claims, liabilities, penalties, fines, judgment, forfeitures, losses, costs (including clean-up costs) or expenses (including reasonable attorney's fees, consultant's fees and expert's fees) for the death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by (i) the presence on or prior to the Commencement Date in, on, under or about the Premises, Building or the land on which the Building is located of any Hazardous Substances not caused by Tenant or its agents, servants, employees, guests, or independent contractors; (ii) any discharge or release on or prior to the Commencement Date in or from the Premises or Building of any noxious or Hazardous Substances not caused by Tenant or its agents, servants, employees, guests, invitees or independent contractors; (iii) the use, storage, transportation, generation, disposal, release or discharge of Hazardous Substances by Landlord or its agents, servants, employees, guests, invitees, or independent contractors to, in, on, under, about or from the Premises, Building or the land on which the Building is located; (iv) Landlord's failure to comply with any Environmental Law; or (v) any Hazardous Substances to the extent not due to any act or omission of Tenant or its agents, servants, employees, guests, invitees or independent contractors. Landlord agrees to remediate, at Landlord's cost and expense, immediately upon confirmation from a qualified party of any condition described in (i) through (v) of the previous sentence. The indemnities set forth in this Section 12 shall survive termination or expiration of this Lease.

Landlord represents and warrants to Tenant that (i) to the best of Landlord's knowledge, there are no Hazardous Substances in, on, under or about the Premises or Building or the land on which the Building is located, including without limitation asbestos or mold, and (ii) Landlord has received no notice from any governmental or private entity relating to Hazardous Substances in, on, under or about the Premises, Building or the land on which the Building is located.

Landlord hereby covenants and agrees that if Tenant discovers mold at the Premises, Building or the land on which the Building is located attributable to the period on or prior to the Possession Date or which has been caused by anything other than by the acts or omissions of Tenant or Tenant's agents, servants, employees, guests, invitees or independent contractors, Landlord shall, upon confirmation by a qualified party of the presence of such mold and the foregoing conditions ("Mold Confirmation"), promptly remediate the mold. If Landlord shall not commence such remediation within five days following the Mold Confirmation, and Tenant determines, in Tenant's sole discretion, that such remediation is necessary for the safety of Tenant's patients and employees, Tenant may, at its option, cause such remediation work to be performed, at Landlord's cost and expense. Upon the completion of the remediation work, Tenant shall furnish Landlord with a written statement of the cost of the remediation work, and Landlord shall reimburse Tenant for such cost of such remediation work within 30 days of Landlord's receipt of Tenant's statement. Provided, however, if it is subsequently determined that no such safety issue existed, Landlord shall be under no obligation to reimburse Tenant for such costs and Tenant shall repay to Landlord any amount that Landlord has already reimbursed to Tenant. Should Landlord fail to reimburse Tenant within the 30 day period, then Tenant may, at its option, offset such amount against Base Rent and Additional Rent.

Tenant shall promptly deliver to Landlord copies of all notices made by Tenant to, or received by Tenant from, any state, county, municipal or other agency having authority to enforce any Environmental Law ("Enforcement Agency") or from the United States Occupational Safety and Health Administration concerning environmental matters or Hazardous Substances at the Premises, Building or the land on which the Building is located. Landlord shall promptly deliver to Tenant copies of all notices received by Landlord from any Enforcement Agency or from the United States Occupational Safety and Health Administration concerning environmental matters or Hazardous Substances at the Premises, Building or the land on which the Building is located.

13. Damage to Premises by Fire or Casualty. In the event the Premises shall be damaged by fire or other casualty during the Term, whereby the same shall be rendered untenable, then:

13.1 if the damage to the Premises was not caused by Tenant or its agents, servants, employees, guests, invitees or independent contractors and is so substantial that either: (i) the repair,

restoration or rehabilitation of such damage cannot reasonably be expected to be substantially completed within 180 days from the date of such damage or (ii) so much of the Premises is destroyed or rendered untenantable by such fire or other casualty as to make use of the Premises as a dialysis facility operating at least 75% of the dialysis stations operating prior to the fire or casualty impracticable, then Tenant may elect to terminate this Lease by giving written notice to Landlord within 30 days of the date of such fire or casualty; or

13.2 if (i) the damage to the Premises is so substantial that the estimated repair costs exceed \$100,000.00 and such damage has occurred within the final 180 days of the then current Term and Tenant has not exercised its next available renewal option, if any or (ii) the Building is damaged to the extent of 50% or more of the monetary value thereof and Landlord elects not to rebuild the Building, then Landlord may elect to terminate this Lease by giving written notice to Tenant within 30 days of the date of such fire or casualty.

If not so terminated, Landlord shall proceed with all due diligence to repair, restore or rehabilitate the Premises, to substantially its former condition immediately prior to such damage or destruction, at Landlord's cost and expense excluding restoration of any Tenant Improvements or Alterations which are the responsibility of Tenant, subject, however, to (i) reasonable delays for insurance adjustments, and (ii) delays caused by forces beyond Landlord's control. Notwithstanding the foregoing, in the event regulatory changes occurring on or after the Effective Date, applicable to sprinklers serving the Premises, require changes to the Premises or the Building in order for Tenant to continue operating its business, then Landlord shall incorporate such changes into the repair and restoration of the Premises at Tenant's expense.

If the Premises are rendered untenantable by fire or other casualty not caused by Tenant or its agents, servants, employees, guests, invitees or independent contractors, there shall be an abatement of Base Rent and Additional Rent due Landlord by Tenant for the period of time during which the Premises is untenantable. If the restoration is not substantially completed within 210 days of such damage, Tenant shall have the option to terminate this Lease by written notice to Landlord. In the event of any termination of this Lease, Base Rent and Additional Rent shall be paid only to the date of such fire or casualty.

In the event that the Premises are partially but not substantially damaged by fire or other casualty not caused by Tenant or its agents, servants, employees, guests, invitees or independent contractors, then Landlord shall immediately proceed with all due diligence to repair and restore the Premises to substantially its former condition immediately prior to such damage, at Landlord's cost and expense (excluding restoration of any Tenant Improvements or Alterations which are the responsibility of Tenant hereunder), subject, however, to (i) reasonable delays for insurance adjustments, and (ii) delays caused by forces beyond Landlord's control. Rent shall abate on a per diem basis during the period of reconstruction and repair, and Base Rent and Additional Rent shall abate in proportion to that portion of the Premises that is untenantable during the period of restoration. Notwithstanding the foregoing, in the event regulatory changes occurring on or after the Effective Date, applicable to sprinklers serving the Premises, require changes to the Premises or the Building in order for Tenant to continue operating its business, then Landlord shall incorporate such changes into the repair and restoration of the Premises at Tenant's expense.

Notwithstanding any provision of this Lease to the contrary, (a) in no event will Landlord be obligated to repair or restore any improvements or alterations made to the Premises by Tenant during the Term of the Lease, the repair and restoration of all such improvements and alterations (and maintaining insurance thereon) to be solely Tenant's responsibility; and (b) in the event the Premises or the Building are damaged by fire or other casualty resulting from Tenant's act or neglect, Landlord shall have no obligation to rebuild or restore the Building or the Premises or any part thereof, Tenant shall not be released from any of its obligations under this Lease (including, without limitation, its duty to repair the Premises and its liability to Landlord for damages caused by fire or other casualty), and there shall be no abatement of Base Rent, Additional Rent or any other amounts due from Tenant hereunder.

In the event that Landlord does not restore the Premises, Tenant shall retain all insurance proceeds from policies maintained by Tenant applicable to Alterations and Tenant Improvements constructed by Tenant at its expense.

14. Eminent Domain.

14.1 **Taking.** If by any lawful authority through condemnation or under the power of eminent domain: (i) the whole of the Premises shall be permanently taken; (ii) less than the entire Premises shall be permanently taken, but the remainder of the Premises are not, in Tenant's sole judgment, fit for Tenant to carry on the normal operation of Tenant's business therein; (iii) Tenant determines, in its sole judgment, that after such taking adequate parking space will not be available near the Premises; (iv) there is any substantial impairment of ingress or egress from or to or visibility of the Premises; (v) all or any portion of the Common Areas shall be taken resulting in a material interference with the operations of or access to Tenant's business; or (vi) a temporary taking of all or a material portion of the Premises continues for a period of one year, then in any such event, either Landlord or Tenant may terminate this Lease by written notice to the other party, effective as of the date of such taking, and Base Rent and Additional Rent shall be prorated as of the date of such termination.

14.2 **Rent Adjustment.** Unless this Lease is terminated as provided in Section 14.1, commencing on the date possession is acquired by a condemning authority, Base Rent and Additional Rent shall be reduced by the then applicable per rentable square foot Base Rent and Additional Rent multiplied by the number of rentable square feet taken, and Landlord shall promptly restore the Premises, common areas, and/or replace parking and access to the Premises, at Landlord's cost and expense, to a complete architectural unit (provided, however, in the event regulatory changes occurring on or after the Effective Date require changes to the Premises or the Building in order for Tenant to continue operating its business, then Landlord shall incorporate such changes into the repair and restoration of the Premises) at Tenant's expense, in substantially the same condition that the same were in prior to such taking. During such restoration Base Rent and Additional Rent shall be abated to the extent the Premises are rendered not useable for the Permitted Use.

14.3 **Awards.** All compensation awarded or paid in any such eminent domain proceeding shall belong to and be the property of Landlord without any participation by Tenant, except that nothing contained herein shall preclude Tenant from prosecuting any claim directly against the condemning authority in such eminent domain proceeding for its relocation costs, its unamortized leasehold improvements and trade fixtures, loss of business and other damages recoverable under applicable Laws.

15. Right of Entry by Landlord. Subject to Landlord's obligations under Section 35, Landlord, or any of its agents, shall have the right to enter the Premises during all reasonable hours and upon at least 24 hours prior notice (except in cases of emergency) to perform its obligations under this Lease, examine the Premises or, in the six month period immediately preceding the Expiration Date, to exhibit the Premises to potential tenants. Any work done by Landlord to Premises shall be performed during hours that Tenant is not open for business (except in emergencies) unless Tenant, in the exercise of its reasonable discretion, otherwise agrees. Any restoration work or alteration work at the Premises which is necessitated by or results from Landlord's entry, including, without limitation, any work necessary to conceal any element whose presence is permitted hereunder, shall be performed by Landlord at its expense or, at Tenant's election, by Tenant on Landlord's behalf and at Landlord's cost and expense. Landlord shall be liable for all loss, damage or injury to persons or property and shall indemnify and hold Tenant harmless from all claims, losses, costs, expenses and liability, including reasonable attorney's fees resulting from Landlord's entry except to the extent caused by the negligent or intentional act of Tenant or its agents, servants, employees, guests, invitees or independent contractors. In the exercise of Landlord's rights pursuant to this Section, Landlord shall make all reasonable efforts to minimize interference with Tenant's operations. If Landlord's entry into the Premises interferes with the conduct by Tenant of its business to such an extent that Tenant, in the exercise of its reasonable business judgment, must close the Premises or is unable to use 75% of the Premises for two or more business days, then Base Rent and Additional Rent shall totally abate for each day or portion thereof that such interference continues.

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16. **Indemnity.** Tenant agrees to indemnify Landlord and save Landlord harmless from any and all liability, claims and loss for personal injury or property damage, or both, sustained or claimed to have been sustained by any person or persons, or property in, upon or about the Premises Common Areas, Building or the land on which the Building is located caused or brought about by the act or neglect of Tenant or its agents, servants, employees, guests, invitees or independent contractors. Landlord agrees to indemnify Tenant and save Tenant harmless from any and all liability, claims and loss for personal injury or property damage, or both, sustained or claimed to have been sustained by any person or persons, or property in, upon or about the Premises, Common Areas, Building or the land on which the Building is located caused or brought about by the act or neglect of Landlord or its agents, servants or employees. The indemnities set forth in this Section 16 shall survive termination or expiration of this Lease.

17. **Default and Remedies.**

17.1 **Tenant Default and Landlord Remedies.** In the event that (i) Tenant defaults in the payment of Base Rent or Additional Rent hereunder and such Base Rent or Additional Rent remains due and unpaid for ten days following written notice of such default from Landlord to Tenant; (ii) Tenant defaults in the performance of any other provisions of this Lease and such default is not cured within 30 days following written notice from Landlord specifying such default (unless such default is not reasonably capable of being cured within such 30 day period and Tenant is diligently prosecuting such cure to completion); (iii) a petition in bankruptcy is filed by or against Tenant (provided Tenant shall have 90 calendar days to stay any involuntary proceeding); or (iv) Tenant makes an assignment for the benefit of its creditors, or a receiver is appointed for Tenant and such receiver is not dismissed within 60 days of its appointment, then, in such event, Landlord, at its option, may (1) proceed for past due installments of Base Rent or Additional Rent, reserving its right to proceed to collect the remaining installments when due; or (2) for a material breach declare the rights of Tenant under this Lease terminated and, thereafter, declare all amounts of Base Rent due on balance of the unexpired term immediately due and payable ("Accelerated Rent"), (together with interest thereon at the maximum rate permitted by applicable law), and recover possession of the Premises through legal process. Landlord's claim for Accelerated Rent shall be calculated by subtracting the (i) the fair market rental value of the remaining term of the Lease from (ii) the remaining Base Rent obligations due under the Lease, then reducing such amount to the net present value using a discount rate of 6%.

Landlord shall make commercially reasonable efforts to mitigate any damages Landlord incurs as a result of Tenant's breach of this Lease. If the consideration collected by Landlord upon reletting the Premises pursuant to this Section is not sufficient to pay the full monthly amount of Base Rent and Additional Rent provided for in this Lease to be paid by Tenant, Tenant shall pay to Landlord the amount of each monthly deficiency upon demand.

17.2 **Landlord Default and Tenant Remedies.** Subject to the terms and provisions below, and in addition to any other remedy expressly available to Tenant pursuant to this Lease or at law or in equity, should Landlord fail to perform any term or covenant under this Lease or any other existing agreement between Landlord and Tenant, its parent company, subsidiaries or affiliates (each and any such failure, a "Landlord Default") and if any such Landlord Default is not cured and continues for 30 days (unless a shorter notice and cure period is expressly provided herein, in which case such shorter period shall govern) following written notice by Tenant to Landlord of such Landlord Default (unless such default is not reasonably capable of being cured within such expressed period and Landlord is diligently prosecuting such cure to completion), then Tenant may remedy such Landlord Default and, in connection therewith, incurring expenses for the account of Landlord, and any and all such sums expended or obligations incurred by Tenant in connection therewith shall be paid by Landlord to Tenant within thirty (30) of receipt of Tenant's statement setting forth the amount due; provided, however, should Landlord fail to reimburse Tenant within the thirty (30) day period, then Tenant may, at its option, deduct such amount from subsequent installments of Base Rent and Additional Rent that from time to time become due and payable by Tenant to Landlord hereunder. In all events Tenant shall have the right to remedy any Landlord Default without prior notice in the event of an emergency (so long as Tenant gives notice within

a reasonable period of time thereafter) and invoice Landlord and abate Base Rent and Additional Rent in the manner set forth in the preceding sentences of this Section 17.2.

If Landlord is or becomes a Referral Source (as defined in Section 33 below) and if this Lease is terminated for any reason before the first anniversary of the Commencement Date, then Landlord and Tenant shall not enter into any similar agreement with each other for the Premises before the first anniversary of the Commencement Date.

18. Insurance.

18.1 Landlord's Insurance. During the Term, Landlord shall procure and maintain in full force and effect with respect to the Building, Common Areas and the land on which the Building is located (i) a policy or policies of property insurance (including, to the extent required, sprinkler leakage, vandalism and malicious mischief coverage, and any other endorsements as Landlord reasonably deems prudent, and earthquake, terrorism and flood insurance to the extent Landlord reasonably deems prudent and/or to the extent required by any mortgagee, but excluding all improvements and fixtures required to be insured by Tenant hereunder) for full replacement value; and (ii) a policy of commercial liability insurance in a minimum amount of \$1,000,000.00 per claim and \$3,000,000.00 in the aggregate for both bodily injury and property damage insuring Landlord's activities with respect to the Premises and the Building for loss, damage or liability for personal injury or death of any person or loss or damage to property occurring in, upon or about the Premises or the Building ("Insurance"). Landlord's cost for maintaining the Insurance shall be subject to reimbursement by Tenant to the extent provided elsewhere in this Lease. In addition thereto, in the event Tenant's use of the Premises should result in an increase of any of Landlord's Insurance premiums, Tenant shall pay to Landlord, upon demand, as Additional Rent, an amount equal to such increase in Insurance. Such payments of Insurance shall be in addition to all premiums of insurance that Tenant is required to carry pursuant to Section 18.2 of this Lease. Landlord may carry any insurance required by this Lease under a blanket policy.

18.2 Tenant's Insurance. Tenant shall obtain and keep in force with respect to the Premises and Tenant's use thereof commercial general liability insurance in a minimum amount of \$1,000,000.00 per claim and \$3,000,000.00 in the aggregate for both bodily injury and property damage. In no event shall Tenant's insurance provide coverage or indemnity to Landlord for any claim, loss, suit, action or other legal proceeding in which Landlord or its agents, servants, employees, guests, invitees, or independent contractors bear responsibility. Rather, it is the intent of this Section to provide general liability coverage to Landlord when it is made a party to a claim, loss, suit, action or other legal proceeding for which it bears no responsibility. In the event that both Landlord and Tenant bear responsibility for the claim, loss, suit, action or other legal proceeding, then each party will look to its own insurance for coverage. Tenant may carry any insurance required by this Lease under a blanket policy or under a policy containing a self-insured retention. Tenant shall also maintain: (i) special property insurance for Tenant's property (personal property, fixtures and leasehold improvements) in or on the Premises for the full insurable value thereof, including an endorsement providing for "loss of income" coverage; and (ii) workers compensation insurance providing coverage to the Tenant's workers as required under Illinois law. Tenant acknowledges that Landlord does not insure Tenant's personal property, fixtures, improvements or equipment.

18.3 Certificates of Insurance. Prior to taking occupancy, Tenant shall furnish certificates of all insurance required hereunder to be carried by Tenant, executed by a duly authorized representative of each insurer, or such other evidence reasonably satisfactory to Landlord of the maintenance of all insurance coverage's required hereunder; and Tenant shall notify Landlord at least thirty (30) days before cancellation or a material change of any such insurance. All such insurance policies shall be in a form, and issued by companies reasonably satisfactory to Landlord, and with a Best's rating of A-X. Failure of Landlord to demand any insurance certificate or other evidence with these insurance requirements, or failure of Landlord to identify a deficiency from evidence that is provided by Tenant to Landlord, shall not be construed as a waiver of Tenant's obligation to maintain such coverage. Tenant shall deliver to Landlord certificates of such insurance designating (i) Landlord and (ii) Landlord's property manager, as an additional insured under the policy of commercial general liability insurance.

19. Subrogation. Each of the parties hereto hereby releases the other and the other's partners, agents and employees, to the extent of each party's property insurance coverage, from any and all liability for any loss or damage which may be inflicted upon the property of such party even if such loss or damage shall be brought about by the fault or negligence of the other party or its partners, agents or employees; provided, however, that this release shall be effective only with respect to loss or damage occurring during such time as the appropriate policy of insurance shall contain a clause to the effect that this release shall not affect said policy or the right of the insured to recover thereunder. If any policy does not permit such a waiver, and if the party to benefit therefrom requests that such a waiver be obtained, the other party agrees to obtain an endorsement to its insurance policies permitting such waiver of subrogation if it is commercially available and if such policies do not provide therefor. If an additional premium is charged for such waiver, the party benefiting therefrom, if it desires to have the waiver, agrees to pay to the other the amount of such additional premium promptly upon being billed therefor. Each party shall have the affirmative duty to inform their respective insurance carriers of this Section and request that the mutual waiver of subrogation contained herein be endorsed to each policy required in Section 19.

20. Repairs and Maintenance.

20.1 Landlord's Maintenance Responsibilities.

(a) Landlord shall timely maintain, repair, light, operate and insure those portions of the Building, including improvements, space, equipment and special services, which are provided for use in common by Landlord, Tenant and any other tenants of the Building, whether or not those areas are in, on or service the Building, and without regard to whether they are open to the general public, Tenant's employees, patients, customers and other invitees, or contain facilities or equipment used or usable in the operation of the Building, for which access is restricted to Landlord's personnel. Such areas shall include, without limitation, common restrooms, lobbies, corridors, plazas, aisles, and utility closets located in the Building, all parking areas, access road, driveways, entrances and exits, retaining walls, exterior facilities, landscaped areas, roads and pathways, common utility lines, storm water system, accommodation areas such as sidewalks, grass plots, ornamental planting, direction signs, and the like (collectively, the "Common Areas"). Maintenance services shall include snow and ice removal and repair of the parking lot, and providing security as necessary. Landlord shall maintain insurance for the Common Areas pursuant to the requirements set forth in Section 18.1. Landlord shall maintain and keep the Building and Common Areas in good condition and repair and such costs shall be considered CAM Charges in accordance with Section 8, unless such repairs are excluded from the definition of Operating Expenses in Section 8. Tenant shall promptly pay to Landlord as Additional Rent the full cost and expense of repairing damage to the exterior of the Building resulting from actions occasioned by Tenant, its agents, employees or invitees.

(b) Except for any damage caused by the acts of negligence by Tenant or its agents, servants, employees, guests, invitees or independent contractors within the Premises, Landlord shall, at its sole cost and expense, maintain and keep in good order and repair and promptly make any necessary replacements to the roof, roof membrane, roof covering, concrete slab, footings, foundation, structural components, exterior walls, sidewalks, driveways, loading areas, exterior doors and windows, flooring (except for floor covering), utility lines not exclusively serving the Premises, sprinkler, plumbing, and electrical systems of the Building. Notwithstanding the provisions of Section 17.2, within 5 days following written notice from Tenant that such repairs or replacements are necessary, Landlord shall inspect the Premises and obtain confirmation of the necessity of such repairs or replacements, and shall thereafter make the repair or necessary replacements within 15 days following such confirmation. If Landlord shall not commence such repairs or make necessary replacements within 30 days following written notice from Tenant that such repairs or replacements are necessary, or within five days following written notice from Tenant of roof leaks or other water damage or leaks, then Tenant may, at its option, cause such Landlord's repairs or replacements to be made and shall furnish Landlord with a statement of the cost of such repairs or replacements upon substantial completion thereof. Landlord shall reimburse Tenant for the cost of such repairs or replacements within thirty (30) days of the date of the statement from Tenant

setting forth the amount due; provided, however, should Landlord fail to reimburse Tenant with the thirty (30) day period, then Tenant may, at its option, offset such amount against subsequent Base Rent and Additional Rent due under this Lease

20.2 Tenant's Maintenance Responsibilities.

(a) Except for Landlord's obligations set forth above and except for any damage caused by the acts of negligence by Landlord or its agents, servants, employees, guests, invitees or independent contractors within the Premises, Tenant shall keep the interior, non-structural portions of the Premises, all HVAC systems, and the non-structural elements of all doors and entrances of the Premises in good order and condition, excepting normal wear and tear, fire, acts of God, acts of Landlord, and/or other casualty or the elements.

(b) In addition, Tenant shall, throughout the Lease Term (and any extension thereof) and at Tenant's expense, maintain a maintenance and service agreement with respect to the HVAC serving the Premises, and Tenant shall pay for the cost of maintenance, repair and replacement of the HVAC which is not covered by such maintenance and service agreement. If the HVAC needs to be replaced, Tenant shall promptly notify and provide Landlord with a reasonable opportunity (but in no event more than five (5) business days) to obtain a bid from Landlord's HVAC contractor for the HVAC replacement. Unless caused by Tenant's negligence or failure to properly maintain the HVAC, Landlord shall be responsible for the cost and expense of the new HVAC equipment in excess of \$2,000.00 which amount shall be paid by Tenant.

(c) If Tenant fails to maintain, repair or replace the Premises as required by any part of this Lease, Landlord may, upon ten (10) days' prior notice to Tenant (except that no notice shall be required in the case of an emergency), enter the Premises and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand, together with interest thereon at the maximum rate permitted by applicable law.

21. Brokers. When this Lease is signed by and delivered to both Landlord and Tenant, Landlord shall pay a real estate commission to _____ ("Landlord's Broker") as provided in the written agreement between Landlord and Landlord's Broker. Landlord's Broker shall pay an appropriate portion of its commission to _____ ("Tenant's Broker") if so provided in any agreement between Landlord's Broker and Tenant's Broker. Nothing contained in this Lease shall impose any obligation on Landlord to pay a commission or fee to any party other than Landlord's Broker.

22. Emergency. If Landlord is unable or unwilling to take action which it is obligated to take hereunder where an emergency has occurred with respect to the Premises, then Tenant may take such action as is reasonably necessary to protect the Premises and persons or property in the Premises and Landlord shall, within 30 days after written notice thereof from Tenant reimburse Tenant for its reasonable out-of-pocket expenses incurred in curing such emergency; provided, however, should Landlord fail to reimburse Tenant within the 30 day period, then Tenant may, at its option, offset such amount against Base Rent and Additional Rent due under this Lease.

23. Title and Parking. Landlord hereby represents to Tenant that Landlord is the owner in fee simple of the Premises, including the Building and all improvements thereon and has the right and authority to enter into this Lease. Landlord hereby represents to Tenant that no covenants, restrictions, liens or other encumbrances affecting the real property upon which the Building is constructed interfere with or adversely affect Tenant's Permitted Use of the Premises. Landlord further represents that Landlord and those signatories executing this Lease on behalf of Landlord have full power and authority to execute this Lease.

Landlord shall not make any material modifications to the Building or Premises that will substantially impact Tenant's use of the Premises without Tenant's prior consent, such consent not to be unreasonably

withheld, conditioned or delayed. Tenant shall be entitled to the use of the parking area in accordance with a parking ratio of not less than 4 spaces per 1,000 square feet of the Premises or such greater amount as may be required by local code, including 2 handicapped parking spaces and spaces in close proximity to the Premises for Tenant's exclusive use.

24. Compliance with Laws. Both parties shall comply with all applicable Laws throughout the Term. Landlord represents and warrants to Tenant that as of the Commencement Date the Premises, the Building and the parking areas are in compliance with all Laws, including, without limitation, applicable zoning Laws and with all applicable instruments affecting title to the Premises. Landlord further represents that it has received no notices or communications from any public authority having jurisdiction alleging violation of any Laws relating to the Premises, the Building, or the Common Areas and has received no notices alleging violation of any title instrument. Without limiting the generality of the foregoing, Landlord represents that (vii) the use of the Premises and the Building and improvements thereon for purposes of operation of a dialysis clinic and related medical and business offices is permitted by and will not violate private restrictions or applicable Laws, including without limitation zoning Laws, and does not constitute a "non-conforming use" thereunder and (viii) the Premises, the Building, and Common Areas comply with all applicable Laws relating to handicapped accessibility, including, without limitation, the Americans with Disabilities Act (ADA) of 1990, 42 U.S.C. §§12101 *et seq.* (1990).

If at any time or from time to time any Alterations, including, without limitation, structural Alterations, are required in order for the Premises or Building to comply with any generally applicable Laws from time to time applicable to the Premises, Landlord shall promptly make such Alterations at its sole cost and expense. If at any time or from time to time any Alterations, including, without limitation, structural Alterations, are required in order for the Premises to comply with any Laws specifically applicable to the Premises due to Tenant's use and not due to any act by Landlord or another tenant, Tenant shall promptly make such Alterations, at its sole cost and expense.

25. Intentionally Omitted.

26. Tenant to Subordinate. Tenant shall, upon request of the holder of a mortgage or deed of trust in the nature of a mortgage on the Premises ("Mortgagee") subordinate any interest which it has by virtue of this Lease, and any extensions and renewals thereof to any mortgages or deeds of trust placed upon the Premises by Landlord, if and only if such Mortgagee shall execute, deliver and record in the appropriate registry of deeds a recognition and non-disturbance agreement in form and content provided in Exhibit D. Landlord shall, at or prior to the Commencement Date, secure from Landlord's present Mortgagee a non-disturbance agreement and Landlord shall secure from any future Mortgagee or lienholder of Landlord a non-disturbance agreement in a form substantially similar to Exhibit D. If Landlord shall not obtain such non-disturbance agreement, then this Lease shall not be subordinate to any such future lien, mortgage, or refinancing.

27. Quiet Enjoyment. Tenant shall, upon payment of the Base Rent and Additional Rent, quietly have and enjoy the Premises during the Term. Landlord agrees that Tenant shall have continuous, peaceful, uninterrupted and exclusive possession and quiet enjoyment of the Premises during the Term.

28. Memorandum of Lease. Concurrent with execution of this Lease, Landlord and Tenant will execute a recordable form of a memorandum or notice of this Lease in the form attached as Exhibit G. Tenant shall be responsible for the cost of recording the same. Upon Landlord's written request, Tenant shall execute and deliver to Landlord a Release of Memorandum of Lease ("Release"). Tenant shall be responsible for the cost of recording the Release.

29. Notices. All notices, demands and requests which may be or are required to be given by either party to the other shall be in writing and shall be either (ix) sent by registered or certified mail, return receipt requested, postage prepaid or (x) delivered, by hand, or (xi) sent by overnight courier such as Federal Express. All notices to Landlord should be addressed to Landlord at 36 West Brentmoor Park, St. Louis, MO 63105; Telephone: 314-781-1090; Email: svierling@lanterco.com or at such other place as Landlord may from time to time designate in written notice to Tenant. All notices to Tenant shall be

addressed to Tenant c/o DaVita Healthcare Partners, Inc., Attention: Real Estate Legal, 2000 16th Street, Denver, CO 80202, Telephone: (303) 876-2800, Facsimile: (855) 872-8592, with copy to: relegal@davita.com, Subject: [Collinsville, IL (3722)], or to any such other place as Tenant may from time to time designate in written notice to Landlord. In addition, all correspondence to Tenant related to Taxes, Insurance, Base Rent or Additional Rent shall be sent to P.O. Box 1476, Tacoma, WA 98401-1476; Attention: Rent Department, with copy to RentDepartment@davita.com. Notwithstanding anything contained in this Lease to the contrary, any written notice by either Landlord or Tenant to the other party may be transmitted by electronic transmission, and that the electronic copies of such party's signature shall have the same effect as if it were an original signature, provided that Landlord or Tenant shall execute and deliver to the other party an original copy of the notice via one of the methods provided in this Section.

30. Estoppel Certificate. Each of Landlord and Tenant agrees at any time and from time to time upon not less than 15 business days' prior written request by the other to execute, acknowledge and deliver to the other an estoppel certificate in the form attached as Exhibit E certifying that (xii) this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications), (xiii) the dates to which Base Rent and other charges have been paid in advance, if any, and (xiv) all of the defaults of Landlord or Tenant hereunder, if any, (and if there are no defaults a statement to that effect), it being intended that any such estoppel certificate delivered pursuant to this Section 30 may be relied upon by any prospective purchaser of the Premises or any mortgagee or assignee of any mortgage upon the fee or leasehold of the Premises or by any prospective assignee of this Lease or subtenant of the whole or any portion of the Premises and/or by other party interested in the Premises or any part thereof.

31. Landlord's Sale of the Building. Upon Landlord's transfer of interest in the Building and the Premises (the "Sale"), Landlord shall be released from all liability to Tenant and Tenant's successors and assigns arising from this Lease because of any act, occurrence or omission of Landlord occurring after such Sale, and Tenant shall look solely to Landlord's successor in connection with the same; provided, however, that Landlord shall not be released from liability to Tenant and Tenant's successors and assigns from its obligations under this Lease because of any act, occurrence or omission of Landlord occurring prior to such Sale. Prior to the effective date of a Sale, Landlord shall notify Tenant whether Landlord's successor-in-interest and assignee to this Lease would or would not be a Referral Source as described in Section 33 below.

32. Tenant's Satellite and Cable Rights. Tenant shall have the right to place a satellite dish on the roof and run appropriate electrical cabling from the Premises to such satellite dish and/or install cable service to the Premises. All costs associated with the satellite dish and additional cabling shall be at Tenant's expense and shall be conducted with input from Landlord so as to maintain any roof warranty. Landlord shall reasonably cooperate with Tenant's satellite or cable provider to ensure there is no delay in acquiring such services. Landlord shall use commercially reasonable efforts to ensure that any subsequent rooftop user does not impair Tenant's data transmission and reception and shall cooperate with Tenant in eliminating any interference caused by any other party using the roof. Tenant shall also have the right to run appropriate electrical cabling from the Premises to connect its electrical generator and associated transfer switch.

33. Regulatory Compliance. Landlord represents and warrants to Tenant that Landlord is not a "referring physician" or a "referral source" as to Tenant for services paid for by Medicare or a state health care program, as the terms are defined under any federal or state health care anti-referral or anti-kickback, regulation, interpretation or opinion ("Referral Source"). Landlord covenants, during the Term, it will not knowingly take any action that would cause it to become a Referral Source as to Tenant.

In the event Landlord, or Landlord's successors or assigns, become a Referral Source as described in this Section 33 above, the following Sections 33.1 through 33.4 shall apply but shall have no effect until such time:

33.1 **Compliance**. Landlord and Tenant agree that it is not the purpose of this Lease to exert any influence over the reason or judgment of any party with respect to the referral of patients or other

business between Landlord and Tenant, but that it is the parties' expectation that any referrals which may be made between the parties shall be and are based solely upon the medical judgment and discretion of the patient's physician. The parties further agree and acknowledge that (a) Base Rent is (i) set forth in advance; (ii) consistent with fair market value in an arms-length transaction; (iii) does not take into account the volume or value of any referrals or other business generated between the parties; and (iv) would be reasonable even if no referrals were made between the parties, and (b) Tenant's Proportionate Share does not exceed Tenant's pro-rata share for expenses and the Premises Rentable Area does not exceed the reasonable square footage needed for the legitimate business plans of Tenant.

33.2 Representations. Each party represents and warrants that: (i) it is not currently excluded from participation in any federal health care program, as defined under 42 U.S.C. Section 1320a-7b; (ii) it is not currently excluded, debarred, suspended, or otherwise ineligible to participate in Federal procurement and non-procurement programs; or (iii) it has not been convicted of a criminal offense that falls within the scope of 42 U.S.C. Section 1320a-7(a), but has not yet been excluded, debarred, suspended or otherwise declared ineligible (each, an "Exclusion"), and agrees to notify the other party within two (2) business days of learning of any such Exclusion or any basis therefore. In the event of learning of such Exclusion, either party shall have the right to immediately terminate this Lease without further liability. Landlord agrees that Tenant may screen Landlord against applicable Exclusive databases on an annual basis. Tenant shall have the right to terminate the Lease if a change in applicable health care laws or reimbursement systems affects the legality of the Lease. Landlord shall notify Tenant of, and cooperate with, any request from a duly authorized government representative (e.g., Secretary of HHS, Comptroller General) for access to books, documents and/or records related to the Lease, and to indemnify Tenant from any liability arising out of the party's refusal to grant such access.

33.3 Compliance with Law. The parties enter into this Lease with the intent of conducting their relationship in full compliance with applicable federal, state and local laws, including, without limitation, the Anti-Kickback Statute and agree and certify that neither party shall violate the Anti-Kickback Statute in performing under this Lease. Notwithstanding any unanticipated effect of any provisions of this Lease, neither party will intentionally conduct itself under the terms of this Lease in a manner that would violate any such law. Landlord agrees not to request an advisory opinion related to the legality of the Lease without the concurrence and approval of Tenant.

33.4 Covered Person. In the event Landlord or any of its members, partners, shareholders or trustees is now, or any time in the future becomes, a Covered Person (as defined below), Landlord acknowledged and agrees that each individual Covered Person shall also be subject to the following provisions. Upon notification by Tenant, each Covered Person shall: (i) participate in all compliance training (including on-line general compliance training on an annual basis) that Tenant provides to the Covered Person; (ii) complete all such training within the time frames required by Tenant; (iii) comply with policies and procedures designed to ensure compliance with relevant Federal health care program requirements applicable to Tenant and compliance programs applicable to Tenant, including its Code of Conduct; (iv) certify in writing or electronic form that the Covered Person read, understood and shall abide by the Code of Conduct and return such certification to Tenant within 30 days after being notified. The Covered Person shall report immediately to Tenant any suspected or known violations of Tenant's policies and procedures or of any violation of applicable federal healthcare program laws and regulations. Tenant shall provide to each Covered Person a copy of the applicable Code of Conduct and relevant policies and procedures designed to ensure compliance with relevant Federal health care program requirements. A "Covered Person" shall be defined as: (i) any individual or entity who provides patient care items or services or who perform billing or coding functions on behalf of DaVita Dialysis, or (ii) any DaVita Dialysis domestic dialysis joint venture partner or medical director for any domestic DaVita Dialysis clinic."

34. Cooperation with Tenant's Cost Reporting Responsibilities. Landlord's full cooperation with applicable authorities in connection with cost reporting is essential for Tenant's continued operation of its business. Therefore, Landlord agrees to provide to Tenant, within thirty (30) days of Tenant's request, any and all information that is reasonably necessary for Tenant to fulfill its cost reporting requirements to such applicable authorities.

Collinsville, IL (3722)

{M0432567.2}

35. Protected Health Information.

35.1 Landlord acknowledges and agrees that from time to time during the Term, Landlord and/or its employees, representatives or assigns may be exposed to, or have access to, Protected Health Information ("PHI"), as defined by HIPAA, 45 CFR Parts 160 and 164. Landlord agrees that it will not use or disclose, and Landlord shall cause its employees, or assigns not to use or disclose, PHI for any purpose unless required by the requirements of HIPAA and all other applicable medical privacy Laws. Landlord further agrees that, notwithstanding the rights granted to Landlord pursuant to this Lease, including Section 15, except when accompanied by an authorized representative of Tenant, neither Landlord nor its employees, agents, representatives or contractors shall be permitted to enter areas of the Premises designated by Tenant as location where patient medical records are kept or stored or where such entry is prohibited by applicable state or federal health care privacy Laws.

35.2 Landlord shall preserve, and cause any of its employees and representatives to preserve, any "Confidential Information" of or pertaining to Tenant and shall not, without first obtaining Tenant's prior written consent, disclose to any person or organization, or use for its own benefit, any Confidential Information of or pertaining to Tenant during and after the Term, unless such Confidential Information is required to be disclosed by a court of competent jurisdiction or by any governmental authority. As used herein, the term "Confidential Information" shall mean any business, financial, personal or technical information relating to the business or other activities of Tenant that Landlord obtains in connection with the Lease.

36. Landlord's Consent. Unless otherwise expressly stated herein, whenever Landlord's consent is required under this Lease, such consent shall not be unreasonably withheld, conditioned or delayed, and Landlord's reasonable satisfaction shall be sufficient for any matters under this Lease.

37. Surrender of Premises. At the expiration of the Term, whether by expiration of time or otherwise, Tenant shall surrender the Premises to Landlord in broom clean condition free of debris and rubbish, excepting damage caused by reasonable wear and tear, fire, acts of God, Landlord, condemnation, and/or other casualty or the elements. All alterations permitted to be made by Tenant shall be the property of Tenant and Tenant shall be entitled to remove from the Premises during the Term all tenant improvements and any and all furniture, removable trade fixtures, equipment and personal property ("Fixtures") installed or located on or in the Premises provided that Tenant repair any and all damage caused by the removal of the foregoing and provided further that Tenant shall remove any such improvements required by Landlord. Any tenant improvements or Fixtures which Tenant does not elect to remove at or prior to the expiration of the Term shall be surrendered with the Premises at the termination of this Lease.

38. Holding Over. In the event Tenant remains in possession of the Premises after the expiration of the Term, or any extensions hereof without the written consent of Landlord, this Lease shall continue on a month-to-month basis, terminable by either party upon 30 days' prior written notice and Tenant shall be obligated to pay Base Rent and Additional Rent at 150% of the then current rate (including all adjustments) and all other sums then payable hereunder prorated on a daily basis for each day that Landlord is kept out of possession of the Premises. Notwithstanding the foregoing, in the event that applicable Law, including without limitation applicable health care Law, limits the period of any such holdover, both parties shall comply with such applicable Law.

39. Binding Effect. All covenants, agreements, stipulations, provisions, conditions and obligations set forth herein shall extend to, bind and inure to the benefit of, as the case may require, the successors and assigns of Landlord and Tenant respectively, as fully as if any such successor or assign was referenced to wherever reference to Landlord or Tenant, as the case may be, occurs in this Lease.

40. Severability. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to

which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by Law.

41. Applicable Law. The Laws of the State where the Premises is located shall govern the validity, performance and enforcement of this Lease, without regard to such State's conflict-of-law principles.

42. Force Majeure. Whenever a day is appointed herein on which, or a period of time is appointed within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is interfered with, the doing or completion of such act, matter or thing because of strikes, lock-outs, embargoes, unavailability of labor or materials, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God or other causes beyond such party's reasonable control.

43. Complete Agreement. Any stipulations, representations, promises or agreements, oral or written, made prior to or contemporaneously with this agreement shall have no legal consequences and the only agreement made and binding upon the parties with respect to the leasing of the Premises is this Lease, as the complete and total integration of the intent and understanding of Landlord and Tenant. No amendment or modification of this Lease shall be valid or binding unless reduced to writing and executed by the parties hereto.

44. Counterparts. This Lease may be executed in any number of counterparts via electronic transmission or otherwise, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

45. Incorporation of Exhibits. This Lease is subject to the provisions of the attached Exhibits A-G inclusive, which exhibits are hereby made a part of this Lease.

46. Tenant's Financial Condition. Within thirty (30) days after written request from Landlord, Tenant shall deliver to Landlord such financial statements as Landlord reasonably requires to verify the net worth of Tenant or any assignee, subtenant, or guarantor of Tenant, unless such information is available by public information, in which case Landlord shall verify such information by public filings.

47. Corporate Authority; Partnership Authority; Limited Liability Company Authority. If Tenant is a corporation, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. If Tenant is a partnership, each person or entity signing this Lease for Tenant represents and warrants that he or it is a general partner of the partnership, that he or it has full authority to sign for the partnership and that this Lease binds the partnership and all general partners of the partnership. Tenant shall give written notice to Landlord of any general partner's withdrawal or addition. If Tenant is a limited liability company, each person or entity signing this Lease for Tenant represents and warrants that he or it is the manager or managing member of the limited liability company, that he or it has full authority to sign for the limited liability company, and that this Lease binds the limited liability company.

[Signature pages follow.]

IN TESTIMONY WHEREOF, Landlord and Tenant have caused this Lease to be executed as a sealed instrument, effective as of the day and year first above written.

LANDLORD:

TENANT:

LANTER BUSINESS PARK, LLC
an Illinois limited liability company

TOTAL RENAL CARE, INC.
a California corporation

DocuSigned by:
Steve Lanter
By: 1A90A4982F9E434...
Steve Lanter
Name: Manager
Title: August 20, 2016
Date: _____

DocuSigned by:
Mary J. Anderson
By: 4B75B28535E142C...
Mary J. Anderson
Name: Divisional Vice President
Title: August 15, 2016
Date: _____

*FOR TENANT'S INTERNAL USE
APPROVAL AS TO FORM ONLY:*

DocuSigned by:
Mike Geiger
By: 2A4C065AEACD471...
Name: Mike Geiger
Title: Assistant General Counsel

EXHIBIT A

LEGAL DESCRIPTION/BUILDING SITE PLAN

Lot 5 in "Lanter Subdivision", reference being made to the plat thereof record in the recorder's office of Madison County, Illinois in Plat Cabinet 62 on Page 26, located in Madison County, Illinois

EXHIBIT B

PREMISES FLOOR PLAN

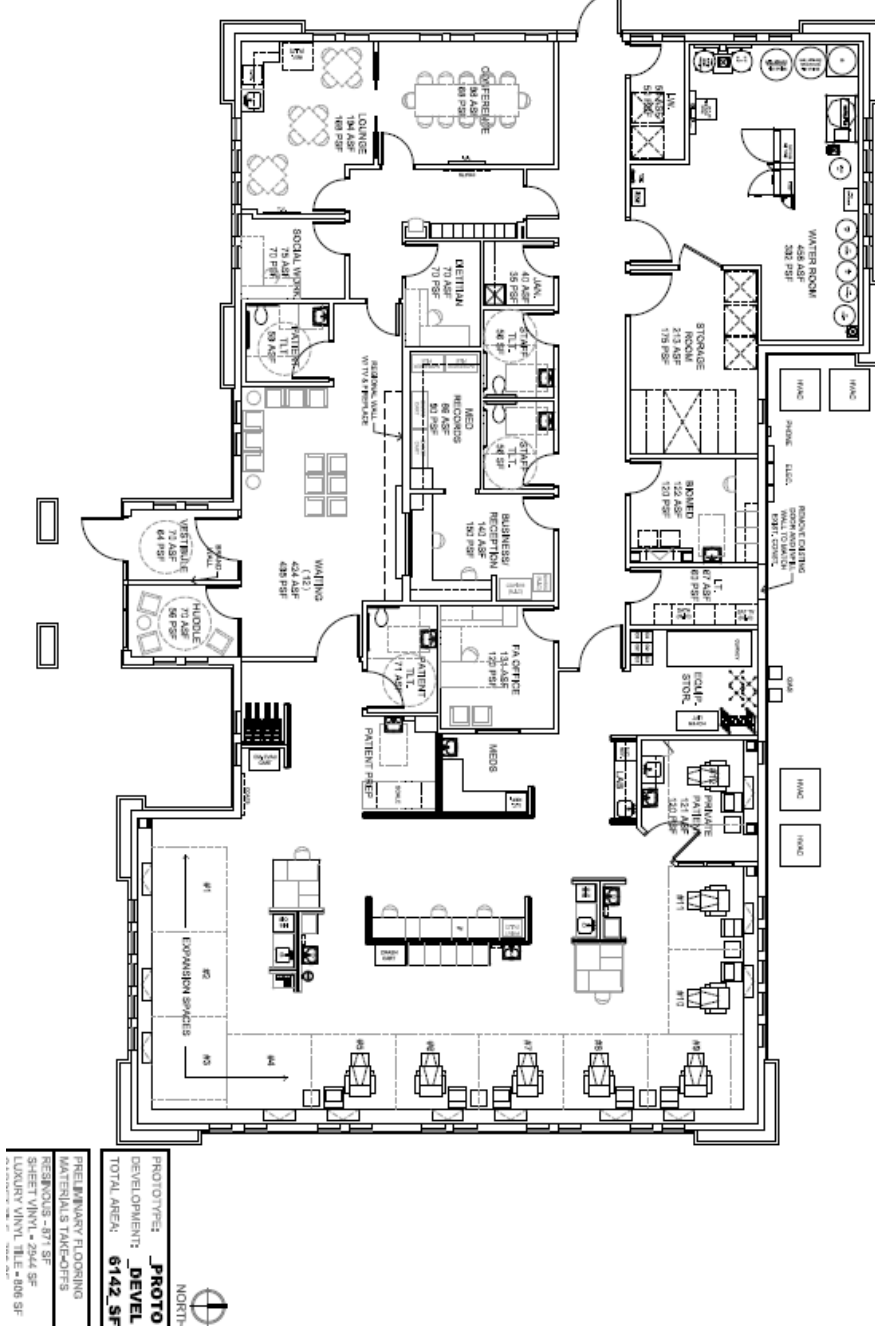


EXHIBIT C

FORM OF COMMENCEMENT DATE MEMORANDUM

With respect to that certain lease ("Lease") dated _____, between _____ ("Landlord") and _____ ("Tenant"), whereby Landlord leased to Tenant and Tenant leased from Landlord space located at _____ (the "Premises"). Tenant and Landlord hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant on _____ (the "Possession Date").
- (2) The Term of the Lease commenced on _____ (the "Commencement Date").
- (3) The Expiration Date of the Lease is _____.
- (4) It is agreed that the first Lease Year shall end on _____ and that each subsequent Lease Year shall end on _____.
- (5) Tenant shall commence payment of Base Rent and Additional Rent on _____.
- (6) The Premises contain _____ rentable square feet of space.
- (7) The last dates upon which the respective renewal options may be exercised are _____, _____, _____, and _____.

All capitalized terms herein, not otherwise defined herein, shall have the meaning assigned in the Lease.

IN WITNESS WHEREOF, this Commencement Date Memorandum is executed the date(s) set forth below.

LANDLORD:

TENANT:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

*FOR TENANT'S INTERNAL USE
APPROVAL AS TO FORM ONLY:*

By: _____
Name: _____
Title: Assistant General Counsel

EXHIBIT D**FORM OF SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT****SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is entered into as of _____, 20__ (the "Effective Date"), between _____ (the "Mortgagee"), and _____ (the "Tenant").

WHEREAS, by Lease dated _____, 20__ (hereinafter called the "Lease"), _____ (hereinafter called "Landlord") has leased to Tenant and Tenant has rented from Landlord the approximately _____ rentable square feet of leased premises ("Tenant's Premises") located within the _____ as more fully described in Exhibit A attached hereto and incorporated by reference (such real property, including all buildings, improvements, structures and fixtures located thereon, "Landlord's Premises").

WHEREAS, Mortgagee has made a loan to Landlord in the original principal amount of \$ _____ (the "Loan"); and

WHEREAS, To secure the Loan, Landlord has encumbered Landlord's Premises by entering into that certain [Mortgage and Security Agreement] dated _____, in favor of Mortgagee (as amended, increased, renewed, extended, spread, consolidated, severed, restated or otherwise changed from time to time, the "Mortgage") recorded on _____, under Clerk's File No. _____, in the Official Public Records of Real Property of the County of _____, State of _____.

WHEREAS, Tenant desires that Mortgagee recognize Tenant's rights under the Lease in the event of foreclosure of Mortgagee's lien, and Tenant is willing to agree to attorn to the purchaser at such foreclosure if Mortgagee will recognize Tenant's right of possession under the Lease.

NOW, THEREFORE, for and in consideration of their respective covenants herein made and the receipt of other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Definitions.

The following terms shall have the following meanings for purposes of this Agreement.

1.1 *Foreclosure Event.* A "Foreclosure Event" means: (a) foreclosure under the Mortgage; (b) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable Law, including bankruptcy Law) as holder of the Loan and/or the Mortgage, as a result of which Successor Landlord becomes owner of Landlord's Premises; or (c) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in Landlord's Premises in lieu of any of the foregoing.

1.2 *Former Landlord.* A "Former Landlord" means Landlord and any other party that was a landlord under the Lease at any time before the occurrence of any Foreclosure Event.

1.3 *Offset Right.* An “*Offset Right*” means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction or abatement against Tenant’s payment of Rent or performance of Tenant’s other obligations under the Lease, arising (whether under the Lease or other applicable law) from Landlord’s breach or default under the Lease. Offset Right does not include, and Mortgagee and any Successor Landlord shall have no obligation or incur any liability with respect to, the construction or completion of the improvements for Tenant’s Premises or any improvements of Landlord’s Premises for Tenant’s use and occupancy of Tenant’s Premises.

1.4. *Rent.* The “*Rent*” means any fixed rent, base rent or additional rent under the Lease.

1.5 *Successor Landlord.* A “*Successor Landlord*” means any party that becomes owner of Landlord’s Premises as the result of a Foreclosure Event.

2. **Subordination.**

The Lease shall be, and shall at all times remain, subject and subordinate to the lien of the Mortgage, and to any renewals, modifications, consolidations, replacements and extensions thereof and to all advancements made thereunder, until such time as the Loan has been paid in full.

3. **Non-disturbance, Recognition and Attornment.**

3.1 *No Exercise of Mortgage Remedies Against Tenant.* So long as Tenant is not in default and complies with and performs its obligations under the Lease, Mortgagee shall not name or join Tenant as a defendant in any exercise of Mortgagee’s rights and remedies arising upon a default under the Mortgage unless applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies. In the latter case, Mortgagee may join Tenant as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Tenant’s rights under the Lease or this Agreement in such action. If Mortgagee joins Tenant in such action, Landlord, by executing the Consent hereinafter set forth, agrees to indemnify, defend and hold Tenant harmless from and against any loss, cost or expense incurred or suffered by Tenant, including without limitation, legal fees, in being a party to or arising from such action, which indemnity shall survive termination or expiration of this Agreement.

3.2 *Non-disturbance and Attornment.* So long as Tenant is not in default, then, when Successor Landlord takes title to Landlord’s Premises and so long as Tenant complies with all of the terms, covenants and conditions of the Lease for the balance of the term of the Lease: (a) Successor Landlord shall not terminate or disturb Tenant’s possession or quiet enjoyment of Tenant’s Premises under the Lease, except in accordance with the terms of the Lease and this Agreement; (b) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (c) Tenant shall recognize and attorn to Successor Landlord as Tenant’s direct landlord under the Lease as set forth in this Agreement; and (d) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant.

3.3 *Further Documentation.* The provisions of Section 3 shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and

Successor Landlord shall, however, confirm the provisions of Section 3 in writing upon request by either of them.

3.4 *Acknowledgement of Lease.* Mortgagee hereby acknowledges that Landlord and Tenant are entering into a Lease for Tenant's Premises.

4. **Protection of Successor Landlord.**

Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

4.1 *Claims Against Former Landlord.* Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of a Foreclosure Event, including any claim for damages of any kind whatsoever as the result of any breach by Former Landlord that occurred before the date of the Foreclosure Event. (The foregoing shall not limit Tenant's right to exercise against Successor Landlord any Offset Right otherwise available to Tenant because of actions of Successor Landlord occurring after the date of the Foreclosure Event, if any, provided, however, if Mortgagee is the Successor Landlord, Mortgagee shall have no obligation, nor incur any liability, beyond Mortgagee's then equity interest, if any, in Landlord's Premises, and Tenant shall look exclusively to such equity interest of Mortgagee, if any, in Landlord's Premises for the payment and discharge of any obligations or liability imposed upon Mortgagee hereunder.)

4.2 *Prepayments.* Any payment of Rent that Tenant may have made to Former Landlord more than thirty (30) days in advance.

4.3 *Payment; Security Deposit.* Any obligation: (a) to pay Tenant any sum(s) that any Former Landlord owed to Tenant or (b) with respect to any security deposited with Former Landlord, unless such security was actually delivered to Mortgagee.

4.4 *Lease.* Tenant hereby covenants and agrees that, so long as the Mortgage remains in force and effect:

- (a) No Modification, Termination or Cancellation. Tenant shall not consent to any material modification, termination or cancellation of the Lease without Mortgagee's prior written consent, which consent shall not be unreasonably withheld in the event of a modification.
- (b) Notice of Default. Tenant shall notify Mortgagee in writing concurrently with any notice given to Landlord of any breach of or default by Landlord under the Lease. Tenant agrees that Mortgagee shall have the right (but not the obligation) to cure any breach or default specified in such notice within the time period set forth in the Lease for Landlord's performance.
- (c) Assignment of Rents. Upon receipt by Tenant of written notice from Mortgagee that Mortgagee has elected to terminate the license granted to Landlord to collect rents, as provided in the Mortgage, and directing Tenant to make payment thereof to Mortgagee, Tenant shall not be required to determine whether Landlord is in default under any obligations to Mortgagee before complying with such direction and shall not be liable to Landlord for failure to pay Landlord any sums that are paid instead to Mortgagee. By executing the Consent hereinafter set forth, Landlord expressly authorizes Tenant to make such payments to Mortgagee as set forth herein.

5. **Miscellaneous.**

5.1 *Notices.* All notices or other communications required or permitted under this Agreement shall be in writing and given by certified mail (return receipt requested) or by nationally recognized overnight courier service that regularly maintains records of items delivered. Notices shall be effective the next business day after being sent by overnight courier service, and three (3) business days after being sent by certified mail (return receipt requested). Unless and until notice of a change of address is given under this Agreement, notices or other communications shall be given to Mortgagee and Tenant, respectively, at the following address:

Mortgagee: _____

Attn: _____

Landlord: _____

Attn: _____

Tenant: _____
c/o DaVita HealthCare Partners Inc.
Attention: Real Estate Legal
2000 16th Street
Denver, CO 80202

With a copy to: relegal@davita.com
Subject: [Clinic #, City, State]

5.2 *Successors and Assigns.* This Agreement shall bind and benefit the parties their successors and assigns, any Successor Landlord, and its successors and assigns.

5.3 *Entire Agreement.* This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

5.4 *Interaction with Lease and with Mortgage.* If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties to this Agreement and any Successor Landlord, including upon any attornment pursuant to this Agreement. Landlord represents and warrants that this Agreement constitutes full compliance with any provisions in the Lease that provide for subordination of the Lease by Tenant and for delivery of non-disturbance by the holder of the Mortgage. Mortgagee acknowledges that Landlord is entering into the Lease with Tenant.

5.5 *Interpretation; Governing Law.* The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State where the Landlord's Premises is located, including its principles of conflict of laws.

5.6 *Amendments.* This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by all parties to this Agreement.

TENANT:

_____,
a _____

By: _____
Name: _____
Title: _____

Date: _____

STATE OF COLORADO)
) SS
COUNTY OF DENVER)

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ the _____, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that he/she signed, sealed and delivered the said instrument as his/her own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

Given under my hand and notarial seal this ____ day of _____, 20__.

Notary Public

My Commission Expires: _____

EXHIBIT E

FORM OF ESTOPPEL CERTIFICATE

THIS ESTOPPEL CERTIFICATE is made as of the ____ day of _____, 20____ by _____ in connection with that certain Lease Agreement dated _____ by and between _____, as Tenant and _____, as Landlord (the "Lease") for the premises located at _____ (the "Premises").

[Landlord/Tenant] hereby certifies to the best of [Landlord's/Tenant's] knowledge to _____ as follows:

1. The Lease consists of the following documents: [list documents]. There are no other oral or written agreements or understandings between Landlord and Tenant relating to the Premises.
2. To [Land/lord's/Tenant's] knowledge and belief, the information set forth below is true and correct as of the date hereof:
 - (a) Approximate square footage of the Premises: _____ rentable square feet
 - (b) Monthly installment of Rent as of the date hereof: \$_____
 - (c) Commencement Date: _____
 - (d) Termination date: _____
 - (e) Security deposit: _____
 - (f) Prepaid rent in the amount of: _____
 - (g) Renewal Options: _____
3. Tenant has accepted possession of the Premises and is in occupancy thereof under the Lease. As of the date hereof, the Lease is in full force and effect.
4. To the best of Tenant's/Landlord's actual knowledge and belief, without inquiry or investigation, there exists no default, no facts or circumstances exist that, with the passage of time or giving of notice, will or could constitute a default, event of default, or breach on the part of either Tenant or Landlord except _____.
5. No rent has been or will be paid more than 30 days in advance.
6. All legal notices to Tenant shall be sent to:

Tenant: _____
 c/o DaVita HealthCare Partners, Inc.
 Attention: Real Estate Legal
 2000 16th Street
 Denver, CO 80202

With a copy to: relegal@davita.com
 Subject: [Clinic #, City, State]

[Signature page follows.]

IN WITNESS WHEREOF, **[Tenant/Landlord]** has executed this Estoppel Certificate as of the date first above written.

[TENANT/LANDLORD]:

_____,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT F

LANDLORD'S WORK

Landlord's Work:

1. Landlord will demolish the interior portion of the Premises and leave the space in a "warm vanilla" shell consisting of:

- a. Walls, floors, and ceilings patched, but not repainted.
- b. Sanitary sewer, domestic water, venting, and natural gas service stubbed at the Premises.
- c. Suspended ceiling and lighting.

The existing restrooms will be unchanged.

2. Landlord will construct a concrete and paved delivery zone on the west side of the Building for Tenant's tractor trailer deliveries.

EXHIBIT G

FORM MEMORANDUM OF LEASE

Prepared by and Return to:

Parcel ID: _____

MEMORANDUM OF LEASE

This Memorandum of Lease (this "Memorandum") is made and entered into this ____ day of _____, 20__, by and between _____, a _____ ("Landlord") and _____, a _____ ("Tenant"). Tenant and Landlord agree to and acknowledge the following matters:

1. Landlord and Tenant entered into that certain Lease Agreement dated as of _____, 20__ (the "Lease"), wherein Landlord has leased to Tenant, and Tenant has leased from Landlord, subject to the terms, covenants and conditions contained therein, space consisting of approximately _____ rentable square feet (the "Premises"), located at _____, as legally described on Exhibit A, attached and incorporated herein by reference (the "Property").
2. The term of the Lease is for an initial period of _____ months commencing upon the earlier of the Possession Date or the Commencement Date, as defined in the Lease, (the "Lease Term"), subject to a right to extend and renew the Lease for _____ successive additional periods of _____ months each.
3. The Lease contains certain restrictions on Landlord's ability to sell, rent or permit any property owned, leased or controlled by Landlord.
4. The address of Landlord is _____.
5. The address of Tenant is 2000 16th Street, Denver, Colorado 80202, Attn: Real Estate Legal.
7. The purpose of this Memorandum is to give record notice to all persons that Tenant has a leasehold interest in the Premises with related use exclusivity rights, and right of first option pursuant to the Lease, in addition to other rights and obligations created therein, all of which are confirmed.
8. Any capitalized terms utilized herein that are not otherwise defined shall be deemed to have the same meaning as set forth in the Lease.
9. In the event of a conflict between the terms of the Lease and the terms of this Memorandum, the terms of the Lease shall control.
10. This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

EXHIBIT A TO MEMORANDUM OF LEASE

Certificate Of Completion

| | |
|--|-----------------------------|
| Envelope Id: AF833BE7750446B982D88F56539D1360 | Status: Completed |
| Subject: Please DocuSign: Collinsville IL (11573) -- Final Lease (8_10). | |
| Source Envelope: | |
| Document Pages: 43 | Signatures: 3 |
| Certificate Pages: 5 | Initials: 0 |
| AutoNav: Enabled | Envelope Originator: |
| Envelopeld Stamping: Enabled | Chelsea Vise |
| Time Zone: (UTC-07:00) Mountain Time (US & Canada) | 2000 16th Street |
| | Denver, CO 80202 |
| | Chelsea.Vise@davita.com |
| | IP Address: 104.129.198.115 |

Record Tracking

| | | |
|----------------------|-------------------------|--------------------|
| Status: Original | Holder: Chelsea Vise | Location: DocuSign |
| 8/12/2016 6:33:40 PM | Chelsea.Vise@davita.com | |

Signer Events

| Signer Events | Signature | Timestamp |
|---|--|--|
| <p>Mike Geiger mike.geiger@davita.com Assistant General Counsel DaVita Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign ID:</p> | <p>DocuSigned by: <i>Mike Geiger</i> 2A4C065AEACD471...</p> <p>Using IP Address: 107.77.199.54 Signed using mobile</p> | <p>Sent: 8/12/2016 6:49:48 PM Viewed: 8/15/2016 9:57:42 AM Signed: 8/15/2016 9:57:55 AM</p> |
| <p>Mary J. Anderson Mary.J.Anderson@davita.com Divisional Vice President Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 8/15/2016 9:58:36 AM ID: ea556206-d6d3-4cd8-b4aa-3133bf7295ca</p> | <p>DocuSigned by: <i>Mary J. Anderson</i> 4B75B28535E142C...</p> <p>Using IP Address: 174.197.19.131</p> | <p>Sent: 8/15/2016 9:57:57 AM Viewed: 8/15/2016 9:58:36 AM Signed: 8/15/2016 9:58:55 AM</p> |
| <p>Steve Lanter slanter@lanterco.com Manager Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 8/20/2016 9:46:48 AM ID: 0afbfa1e-78e2-4944-984c-c168f258ed22</p> | <p>DocuSigned by: <i>Steve Lanter</i> 1A90A4982E9E434...</p> <p>Using IP Address: 76.253.58.105</p> | <p>Sent: 8/15/2016 9:58:58 AM Resent: 8/15/2016 11:03:37 AM Viewed: 8/20/2016 9:46:48 AM Signed: 8/20/2016 10:03:46 AM</p> |

| In Person Signer Events | Signature | Timestamp |
|------------------------------|-----------|-----------|
| Editor Delivery Events | Status | Timestamp |
| Agent Delivery Events | Status | Timestamp |
| Intermediary Delivery Events | Status | Timestamp |
| Certified Delivery Events | Status | Timestamp |
| Carbon Copy Events | Status | Timestamp |

| Carbon Copy Events | Status | Timestamp |
|--|---------------|--|
| <p>Kelli Madigan kmadigan@MMRLTD.COM Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign ID:</p> | COPIED | <p>Sent: 8/15/2016 9:58:57 AM Viewed: 8/15/2016 9:59:40 AM</p> |
| <p>Jeff Pretty jeff.pretty@davita.com Assistant General Counsel Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign ID:</p> | COPIED | <p>Sent: 8/20/2016 10:03:47 AM</p> |
| <p>Kip Sweda kip.sweda@davita.com Director Of Real Estate Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 1/8/2015 10:25:00 AM ID: be46c784-839d-4868-b331-f4ea4bc4982b</p> | COPIED | <p>Sent: 8/20/2016 10:03:47 AM</p> |
| <p>Mark Morton Mark.morton@davita.com Director of Construction DaVita Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign ID:</p> | COPIED | <p>Sent: 8/20/2016 10:03:47 AM</p> |

| Notary Events | Timestamp |
|---------------|-----------|
|---------------|-----------|

| Envelope Summary Events | Status | Timestamps |
|-------------------------|------------------|-----------------------|
| Envelope Sent | Hashed/Encrypted | 8/20/2016 10:03:47 AM |
| Certified Delivered | Security Checked | 8/20/2016 10:03:47 AM |
| Signing Complete | Security Checked | 8/20/2016 10:03:47 AM |
| Completed | Security Checked | 8/20/2016 10:03:47 AM |

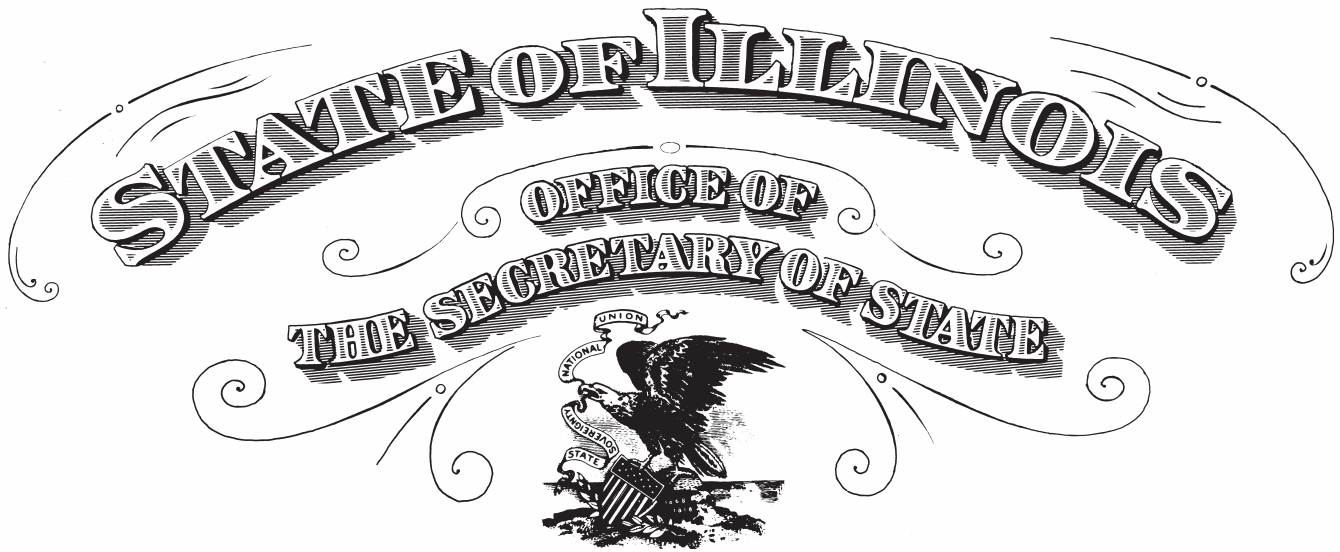
| Electronic Record and Signature Disclosure |
|--|
|--|

Section I, Identification, General Information, and Certification
Operating Entity/Licensee

The Illinois Certificate of Good Standing for Total Renal Care Inc. is attached at Attachment – 3.

File Number

5823-002-2

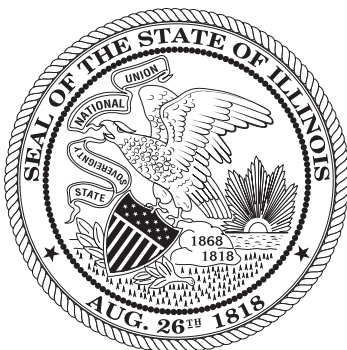


To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 9TH day of SEPTEMBER A.D. 2022 .



Jesse White

SECRETARY OF STATE

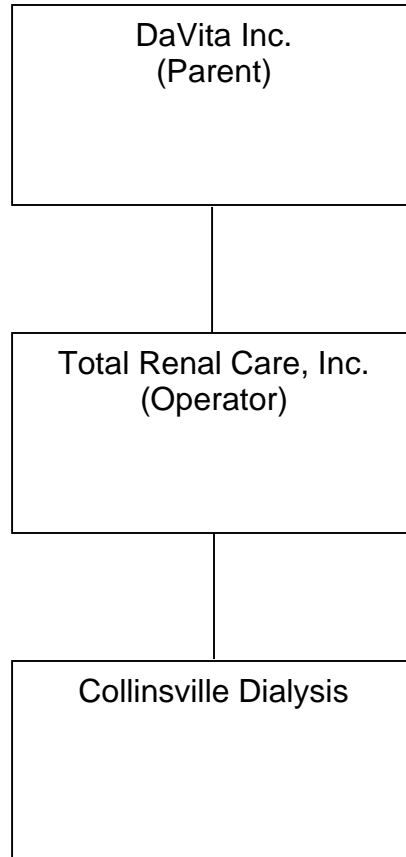
Authentication #: 2225202374 verifiable until 09/09/2023

Authenticate at: <https://www.ilsos.gov>

Section I, Identification, General Information, and Certification
Organizational Relationships

The organizational chart for DaVita Inc., Total Renal Care Inc. and Collinsville Dialysis is attached at Attachment – 4.

Collinsville Dialysis Organization Chart



Section I, Identification, General Information, and Certification
Flood Plain Requirements

This project does not involve construction or modernization of a health care facility. Accordingly, this criterion is not applicable.

Section I, Identification, General Information, and Certification
Historic Resources Preservation Act Requirements

This project does not involve construction or modernization of a health care facility. Accordingly, this criterion is not applicable.

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds

| Table 1120.110 | | | |
|---|-----------------|---------------------|-----------------|
| Project Cost | Clinical | Non-Clinical | Total |
| Net Book Value of Equipment to be Transferred | \$28,667 | | \$28,667 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total Project Costs | \$28,667 | | \$28,667 |

Section I, Identification, General Information, and Certification
Current Projects

| DaVita Current Projects | | | |
|--------------------------------|----------------------|---------------------|------------------------|
| Project Number | Name | Project Type | Completion Date |
| 17-062 | Auburn Park Dialysis | Establishment | 03/01/2023 |

**Section I, Identification, General Information, and Certification
Cost Space Requirements**

| Cost Space Table | | | | | | | |
|-----------------------------|-----------------|-------------------|----------|---|--------------|-------|---------------|
| Dept. / Area | Cost | Gross Square Feet | | Amount of Proposed Total Gross Square Feet That Is: | | | |
| | | Existing | Proposed | New Const. | Modernized | As Is | Vacated Space |
| CLINICAL | | | | | | | |
| ESRD | \$28,667 | 4,150 | | | 4,150 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total Clinical | \$28,667 | 4,150 | | | 4,150 | | |
| | | | | | | | |
| NON REVIEWABLE | | | | | | | |
| Administrative | | 2,050 | | | 2,050 | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total Non-Reviewable | | 2,050 | | | 2,050 | | |
| TOTAL | \$28,667 | 6,200 | | | 6,200 | | |

Section III, Background and Purpose of the Project
Criterion 1110.110(a), Background of the Applicant

1. Neither the Centers for Medicare and Medicaid Services nor the Illinois Department of Public Health (“IDPH”) has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care clinics owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application
2. A list of all health care facilities owned or operated by DaVita in Illinois is attached at Attachment – 11A. Dialysis centers are currently not subject to state licensure in Illinois.
3. Certification that no adverse action has been taken against either of the Applicants or against any health care clinics owned or operated by the Applicants in Illinois within three years preceding the filing of this application is attached at Attachment – 11B.
4. An authorization permitting the Illinois Health Facilities and Services Review Board (“State Board”) and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11B.

| DaVita Inc. | | | | | | | |
|--------------------------------|----------------------------------|-----------|--------------------|------------|-------|------------|-------------------------------|
| Illinois Facilities | | | | | | | |
| Regulatory Name | Address 1 | Address 2 | City | County | State | Zip | Medicare Certification Number |
| Adams County Dialysis | 436 N 10TH ST | | QUINCY | ADAMS | IL | 62301-4152 | 14-2711 |
| Alton Dialysis | 3511 COLLEGE AVE | | ALTON | MADISON | IL | 62002-5009 | 14-2619 |
| Arlington Heights Renal Center | 17 WEST GOLF ROAD | | ARLINGTON HEIGHTS | COOK | IL | 60005-3905 | 14-2628 |
| Auburn Park Dialysis | 7939 SOUTH WESTERN AVENUE | | CHICAGO | COOK | IL | 60620 | |
| Barrington Creek | 28160 W. NORTHWEST HIGHWAY | | LAKE BARRINGTON | LAKE | IL | 60010 | 14-2736 |
| Belvidere Dialysis | 1755 БЕЛОIT ROAD | | BELVIDERE | BOONE | IL | 61008 | 14-2795 |
| Benton Dialysis | 1151 ROUTE 14 W | | BENTON | FRANKLIN | IL | 62812-1500 | 14-2608 |
| Beverly Dialysis | 8109 SOUTH WESTERN AVE | | CHICAGO | COOK | IL | 60620-5939 | 14-2638 |
| Big Oaks Dialysis | 5623 W TOUHY AVE | | NILES | COOK | IL | 60714-4019 | 14-2712 |
| Brickyard Dialysis | 2640 NORTH NARRAGANSETT | | CHICAGO | COOK | IL | 60639 | 14-2857 |
| Brighton Park Dialysis | 4729 SOUTH CALIFORNIA AVE | | CHICAGO | COOK | IL | 60632 | 14-2860 |
| Buffalo Grove Renal Center | 1291 W. DUNDEE ROAD | | BUFFALO GROVE | COOK | IL | 60089-4009 | 14-2650 |
| Calumet City Dialysis | 1200 SIBLEY BOULEVARD | | CALUMET CITY | COOK | IL | 60409 | 14-2817 |
| Carpentersville Dialysis | 2203 RANDALL ROAD | | CARPENTERSVILLE | KANE | IL | 60110-3355 | 14-2598 |
| Ogden Dialysis | 6001 Ogden Avenue | | Cicero | Cook | IL | 60804 | 14-2872 |
| Centralia Dialysis | 1231 STATE ROUTE 161 | | CENTRALIA | MARION | IL | 62801-6739 | 14-2609 |
| Chicago Heights Dialysis | 177 W JOE ORR RD | STE B | CHICAGO HEIGHTS | COOK | IL | 60411-1733 | 14-2635 |
| Chicago Ridge Dialysis | 10511 SOUTH HARLEM AVE | | WORTH | COOK | IL | 60482 | 14-2793 |
| Churchview Dialysis | 5970 CHURCHVIEW DR | | ROCKFORD | WINNEBAGO | IL | 61107-2574 | 14-2640 |
| Cobblestone Dialysis | 934 CENTER ST | STE A | ELGIN | KANE | IL | 60120-2125 | 14-2715 |
| Collinsville Dialysis | 101 LANTER COURT | BLDG 2 | COLLINSVILLE | MADISON | IL | 62234 | 14-2822 |
| Country Hills Dialysis | 4215 W 167TH ST | | COUNTRY CLUB HILLS | COOK | IL | 60478-2017 | 14-2575 |
| Crystal Springs Dialysis | 720 COG CIRCLE | | CRYSTAL LAKE | MCHENRY | IL | 60014-7301 | 14-2716 |
| Decatur East Wood Dialysis | 794 E WOOD ST | | DECATUR | MACON | IL | 62523-1155 | 14-2599 |
| Dixon Kidney Center | 1131 N GALENA AVE | | DIXON | LEE | IL | 61021-1015 | 14-2651 |
| Driftwood Dialysis | 1808 SOUTH WEST AVE | | FREEPORT | STEPHENSON | IL | 61032-6712 | 14-2747 |
| Edgemont Dialysis | 8 VIEUX CARRE DRIVE | | EAST ST. LOUIS | ST. CLAIR | IL | 62203 | 14-2847 |
| Edgewater Dialysis | 615 HARRISON AVENUE | | ROCKFORD | WINNEBAGO | IL | 61104 | |
| Edwardsville Dialysis | 235 S BUCHANAN ST | | EDWARDSVILLE | MADISON | IL | 62025-2108 | 14-2701 |
| Effingham Dialysis | 904 MEDICAL PARK DR | STE 1 | EFFINGHAM | EFFINGHAM | IL | 62401-2193 | 14-2580 |

| DaVita Inc. | | | | | | | |
|-------------------------------|-----------------------------|-----------|----------------|------------|-------|------------|-------------------------------|
| Illinois Facilities | | | | | | | |
| Regulatory Name | Address 1 | Address 2 | City | County | State | Zip | Medicare Certification Number |
| Emerald Dialysis | 710 W 43RD ST | | CHICAGO | COOK | IL | 60609-3435 | 14-2529 |
| Evanston Renal Center | 1715 CENTRAL STREET | | EVANSTON | COOK | IL | 60201-1507 | 14-2511 |
| Ford City Dialysis | 8159 S CICERO AVENUE | | CHICAGO | COOK | IL | 60652 | 14-2854 |
| Forest City Rockford | 4103 W STATE ST | | ROCKFORD | WINNEBAGO | IL | 61101 | 14-2825 |
| Glen Dialysis | 2601 Compass Road | Suite 145 | Glenview | Cook | IL | 60026 | 14-2746 |
| Grand Crossing Dialysis | 7319 S COTTAGE GROVE AVENUE | | CHICAGO | COOK | IL | 60619-1909 | 14-2728 |
| Foxpoint Dialysis | 1300 SCHAEFER ROAD | | GRANITE CITY | MADISON | IL | 62040 | 14-2838 |
| Garfield Kidney Center | 3250 WEST FRANKLIN BLVD | | CHICAGO | COOK | IL | 60624-1509 | 14-2777 |
| Geneva Crossing Dialysis | 540 South Schmale Road | | Carol Stream | DuPage | IL | 60188 | 14-2858 |
| Granite City Dialysis Center | 9 AMERICAN VLG | | GRANITE CITY | MADISON | IL | 62040-3706 | 14-2537 |
| Harvey Dialysis | 16641 S HALSTED ST | | HARVEY | COOK | IL | 60426-6174 | 14-2698 |
| Hazel Crest Renal Center | 3470 WEST 183rd STREET | | HAZEL CREST | COOK | IL | 60429-2428 | 14-2622 |
| Huntley Dialysis | 10350 HALIGUS ROAD | | HUNTLEIY | MCHENRY | IL | 60142 | 14-2828 |
| Illini Renal Dialysis | 507 E UNIVERSITY AVE | | CHAMPAIGN | CHAMPAIGN | IL | 61820-3828 | 14-2633 |
| Irving Park Dialysis | 4323 N PULASKI RD | | CHICAGO | COOK | IL | 60641 | 14-2840 |
| Jacksonville Dialysis | 1515 W WALNUT ST | | JACKSONVILLE | MORGAN | IL | 62650-1150 | 14-2581 |
| Jerseyville Dialysis | 917 S STATE ST | | JERSEYVILLE | JERSEY | IL | 62052-2344 | 14-2636 |
| Kankakee County Dialysis | 581 WILLIAM R LATHAM SR DR | STE 104 | BOURBONNAIS | KANKAKEE | IL | 60914-2439 | 14-2685 |
| Kenwood Dialysis | 4259 S COTTAGE GROVE AVENUE | | CHICAGO | COOK | IL | 60653 | 14-2717 |
| Lake County Dialysis Services | 565 LAKEVIEW PARKWAY | STE 176 | VERNON HILLS | LAKE | IL | 60061 | 14-2552 |
| Lake Villa Dialysis | 37809 N IL ROUTE 59 | | LAKE VILLA | LAKE | IL | 60046-7332 | 14-2666 |
| Lawndale Dialysis | 3934 WEST 24TH ST | | CHICAGO | COOK | IL | 60623 | 14-2768 |
| Lincoln Dialysis | 2100 WEST FIFTH | | LINCOLN | LOGAN | IL | 62656-9115 | 14-2582 |
| Lincoln Park Dialysis | 2484 N ELSTON AVE | | CHICAGO | COOK | IL | 60647 | 14-2528 |
| Litchfield Dialysis | 915 ST FRANCES WAY | | LITCHFIELD | MONTGOMERY | IL | 62056-1775 | 14-2583 |
| Little Village Dialysis | 2335 W CERMAK RD | | CHICAGO | COOK | IL | 60608-3811 | 14-2668 |
| Logan Square Dialysis | 2838 NORTH KIMBALL AVE | | CHICAGO | COOK | IL | 60618 | 14-2534 |
| Loop Renal Center | 1101 SOUTH CANAL STREET | | CHICAGO | COOK | IL | 60607-4901 | 14-2505 |
| Machesney Park Dialysis | 7170 NORTH PERRYVILLE ROAD | | MACHESNEY PARK | WINNEBAGO | IL | 61115 | 14-2806 |
| Macon County Dialysis | 1090 W MCKINLEY AVE | | DECATUR | MACON | IL | 62526-3208 | 14-2584 |
| Marengo City Dialysis | 910 GREENLEE STREET | STE B | MARENGO | MCHENRY | IL | 60152-8200 | 14-2643 |

| DaVita Inc. | | | | | | | |
|------------------------------------|---|-----------|--------------|-------------|-------|------------|-------------------------------|
| Illinois Facilities | | | | | | | |
| Regulatory Name | Address 1 | Address 2 | City | County | State | Zip | Medicare Certification Number |
| Marshall Square Dialysis | 2950-3010 West 26th Street | | Chicago | COOK | IL | 60623 | 14-2871 |
| Maryville Dialysis | 2130 VADALABENE DR | | MARYVILLE | MADISON | IL | 62062-5632 | 14-2634 |
| Mattoon Dialysis | 6051 DEVELOPMENT DRIVE | | CHARLESTON | COLES | IL | 61938-4652 | 14-2585 |
| Melrose Village | 1985 North Mannheim Road | | Melrose Park | Cook | IL | 60160 | 14-2867 |
| Metro East Dialysis | 5105 W MAIN ST | | BELLEVILLE | SAINT CLAIR | IL | 62226-4728 | 14-2527 |
| Montclare Dialysis Center | 7009 W BELMONT AVE | | CHICAGO | COOK | IL | 60634-4533 | 14-2649 |
| Montgomery County Dialysis | 1822 SENATOR MILLER DRIVE | | HILLSBORO | MONTGOMERY | IL | 62049 | 14-2813 |
| Mount Vernon Dialysis | 1800 JEFFERSON AVE | | MOUNT VERNON | JEFFERSON | IL | 62864-4300 | 14-2541 |
| Mt. Greenwood Dialysis | 3401 W 111TH ST | | CHICAGO | COOK | IL | 60655-3329 | 14-2660 |
| North Dunes Dialysis | 3113 North Lewis Avenue | | Waukegan | Lake | IL | 60087 | 14-2864 |
| Northgrove Dialysss | 2491 INDUSTRIAL DRIVE | | HIGHLAND | MADISON | IL | 62249 | 14-2866 |
| O'Fallon Dialysis | 1941 FRANK SCOTT PKWY E | STE B | O'FALLON | ST. CLAIR | IL | 62269 | 14-2818 |
| Oak Meadows Dialysis | 5020 West 95th Street | | OAK LAWN | Cook | IL | 60453 | 14-2863 |
| Olympia Fields Dialysis Center | 4557B LINCOLN HWY | STE B | MATTESON | COOK | IL | 60443-2318 | 14-2548 |
| Palos Park Dialysis | 13155 S LaGRANGE ROAD | | ORLAND PARK | COOK | IL | 60462-1162 | 14-2732 |
| Park Manor Dialysis | 95TH STREET & COLFAX AVENUE | | CHICAGO | COOK | IL | 60617 | 14-2831 |
| Red Bud Dialysis | LOT 4 IN 1ST ADDITION OF EAST INDUSTRIAL PARK | | RED BUD | RANDOLPH | IL | 62278 | 14-2772 |
| Robinson Dialysis | 1215 N ALLEN ST | STE B | ROBINSON | CRAWFORD | IL | 62454-1100 | 14-2714 |
| Rockford Dialysis | 3339 N ROCKTON AVE | | ROCKFORD | WINNEBAGO | IL | 61103-2839 | 14-2647 |
| Roxbury Dialysis Center | 622 ROXBURY RD | | ROCKFORD | WINNEBAGO | IL | 61107-5089 | 14-2665 |
| Rushville Dialysis | 112 SULLIVAN DRIVE | | RUSHVILLE | SCHUYLER | IL | 62681-1293 | 14-2620 |
| Rutgers Park Dialysis | 8455 WOODWARD AVENUE | | WOODRIDGE | DUPAGE | IL | 60517 | 14-2869 |
| Salt Creek Dialysis | 196 WEST NORTH AVENUE | | VILLA PARK | DUPAGE | IL | 60181 | 14-2855 |
| Sauget Dialysis | 2061 GOOSE LAKE RD | | SAUGET | SAINT CLAIR | IL | 62206-2822 | 14-2561 |
| Schaumburg Renal Center | 1156 S ROSELLE ROAD | | SCHAUMBURG | COOK | IL | 60193-4072 | 14-2654 |
| Shiloh Dialysis | 1095 NORTH GREEN MOUNT RD | | SHILOH | ST CLAIR | IL | 62269 | 14-2753 |
| Silver Cross Renal Center - Morris | 1551 CREEK DRIVE | | MORRIS | GRUNDY | IL | 60450 | 14-2740 |

| DaVita Inc. | | | | | | | |
|---------------------------------------|-----------------------------|-----------|---------------|-----------|-------|------------|-------------------------------|
| Illinois Facilities | | | | | | | |
| Regulatory Name | Address 1 | Address 2 | City | County | State | Zip | Medicare Certification Number |
| Silver Cross Renal Center - New Lenox | 1890 SILVER CROSS BOULEVARD | | NEW LENOX | WILL | IL | 60451 | 14-2741 |
| Silver Cross Renal Center - West | 1051 ESSINGTON ROAD | | JOLIET | WILL | IL | 60435 | 14-2742 |
| South Holland Renal Center | 16136 SOUTH PARK AVENUE | | SOUTH HOLLAND | COOK | IL | 60473-1511 | 14-2544 |
| Springfield Central Dialysis | 932 N RUTLEDGE ST | | SPRINGFIELD | SANGAMON | IL | 62702-3721 | 14-2586 |
| Springfield Montvale Dialysis | 2930 MONTVALE DR | STE A | SPRINGFIELD | SANGAMON | IL | 62704-5376 | 14-2590 |
| Springfield South | 2930 SOUTH 6th STREET | | SPRINGFIELD | SANGAMON | IL | 62703 | 14-2733 |
| Stonecrest Dialysis | 1302 E STATE ST | | ROCKFORD | WINNEBAGO | IL | 61104-2228 | 14-2615 |
| Stony Creek Dialysis | 9115 S CICERO AVE | | OAK LAWN | COOK | IL | 60453-1895 | 14-2661 |
| Stony Island Dialysis | 8725 S STONY ISLAND AVE | | CHICAGO | COOK | IL | 60617-2709 | 14-2718 |
| Sycamore Dialysis | 2200 GATEWAY DR | | SYCAMORE | DEKALB | IL | 60178-3113 | 14-2639 |
| Taylorville Dialysis | 901 W SPRESSER ST | | TAYLORVILLE | CHRISTIAN | IL | 62568-1831 | 14-2587 |
| Tazewell County Dialysis | 1021 COURT STREET | | PEKIN | TAZEVELL | IL | 61554 | 14-2767 |
| Timber Creek Dialysis | 1001 S. ANNIE GLIDDEN ROAD | | DEKALB | DEKALB | IL | 60115 | 14-2763 |
| Tinley Park Dialysis | 16767 SOUTH 80TH AVENUE | | TINLEY PARK | COOK | IL | 60477 | 14-2810 |
| TRC Children's Dialysis Center | 2611 N HALSTED ST | | CHICAGO | COOK | IL | 60614-2301 | 14-2604 |
| Vandalia Dialysis | 301 MATTES AVE | | VANDALIA | FAYETTE | IL | 62471-2061 | 14-2693 |
| Vermilion County Dialysis | 22 WEST NEWELL ROAD | | DANVILLE | VERMILION | IL | 61834 | 14-2812 |
| Washington Heights Dialysis | 10620 SOUTH HALSTED STREET | | CHICAGO | COOK | IL | 60628 | 14-2835 |
| Waukegan Renal Center | 1616 NORTH GRAND AVENUE | STE C | Waukegan | COOK | IL | 60085-3676 | 14-2577 |
| Wayne County Dialysis | 303 NW 11TH ST | STE 1 | FAIRFIELD | WAYNE | IL | 62837-1203 | 14-2688 |
| West Lawn Dialysis | 7000 S PULASKI RD | | CHICAGO | COOK | IL | 60629-5842 | 14-2719 |
| West Side Dialysis | 1600 W 13TH STREET | | CHICAGO | COOK | IL | 60608 | 14-2783 |
| Whiteside Dialysis | 2600 N LOCUST | STE D | STERLING | WHITESIDE | IL | 61081-4602 | 14-2648 |
| Woodlawn Dialysis | 5060 S STATE ST | | CHICAGO | COOK | IL | 60609 | 14-2310 |



Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any in-center dialysis clinic owned or operated by DaVita Inc. or Total Renal Care, Inc. in the State of Illinois during the three-year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.110(a)(2)(J), I hereby authorize the Health Facilities and Services Review Board (“HFSRB”) and the Illinois Department of Public Health (“IDPH”) access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Print Name: Stephanie N. Berberich
Its: Assistant Secretary, DaVita Inc.
Secretary, Total Renal Care, Inc.

Subscribed and sworn to me
This 13th day of September, 2022

Notary Public

Kathy Ann Connor
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID# 20064018112
MY COMMISSION EXPIRES 04/28/2025

2000 14th Street, Denver, CO 80202 | P (800) 244-0680 | F (310) 536-2675 | DaVita.com

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements
Criterion 1110.230(b) – Background, Purpose of the Project, and Alternatives

Purpose of Project

1. The planned Project is a 4-station expansion of Collinsville Dialysis, an 8-station in-center hemodialysis facility located at 101 Lanter Court, Collinsville, IL and the discontinuation of Edwardsville Dialysis, an 8-station dialysis facility located at 235 South Buchanan Street, Edwardsville, Illinois 62025. Patients currently dialyzing at Edwardsville Dialysis will transfer to the newly expanded Collinsville Dialysis.

Prior to the COVID-19 pandemic, a nationwide nursing shortage existed; however, repeated COVID-19 surges exacerbated this shortage due in part to depleted nursing staffs, which lead to burnout and nurses leaving the profession sooner than intended. While other health care providers can address staffing shortages through recruitment at nursing school job fairs, utilizing staffing agencies and travel nurses, dialysis clinics face more challenges with clinical staffing. Most dialysis care is provided by patient care technicians; however, a charge nurse is required for each shift. Under Medicare conditions of participation, a charge nurse must have “at least 12 months experience in providing nursing care, including 3 months of experience in providing nursing care to patients on maintenance dialysis.” (42 C.F.R. § 494.140(b)(3)). Due to this experience requirement, dialysis clinics the pool of qualified nurses is significantly limited.

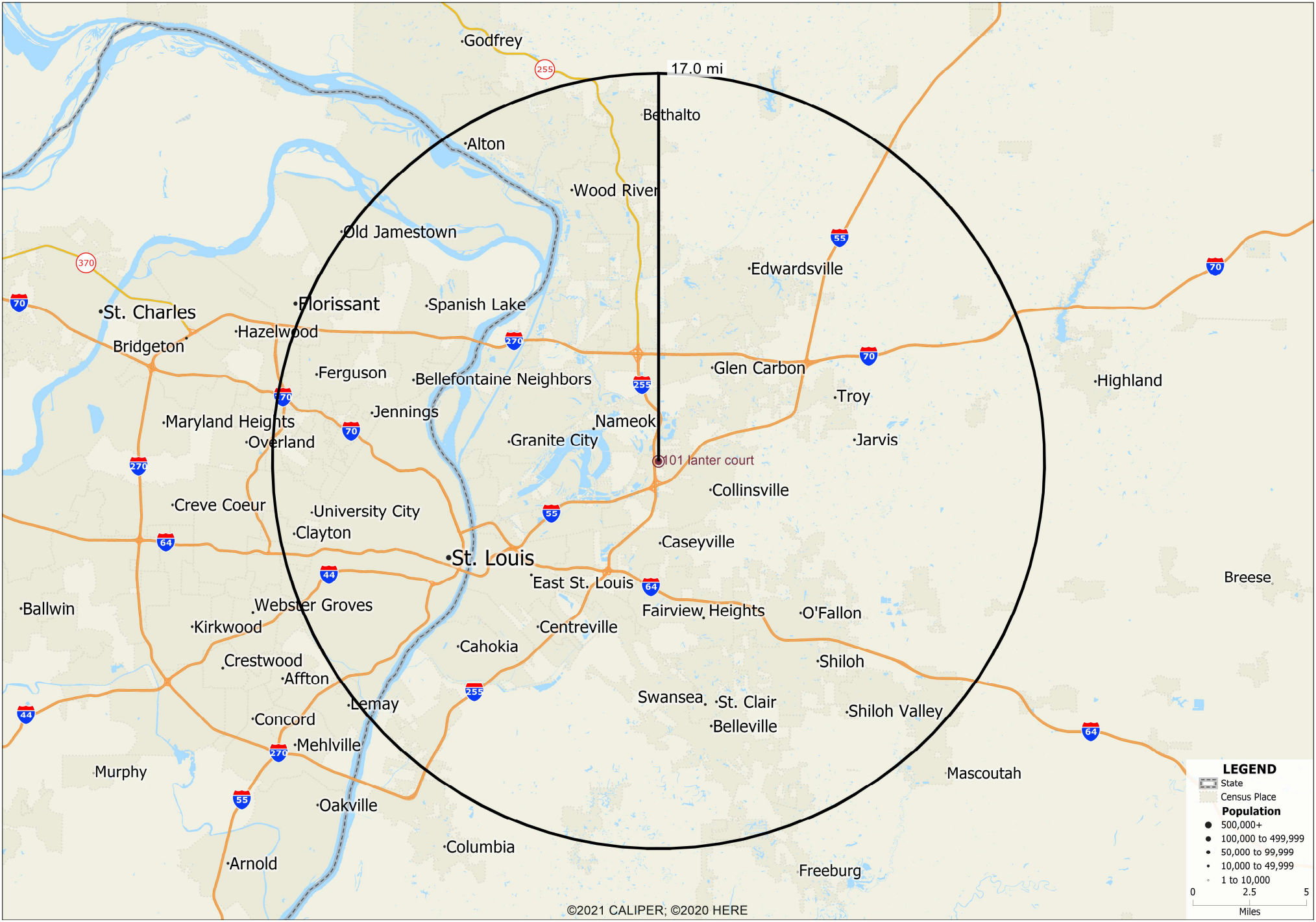
Due to these staffing challenges, Collinsville Dialysis operates three shifts per day on Mondays, Wednesdays, and Fridays. Employing a three-day week staffing model provides more consistent staffing, greater stability, and better clinical outcomes. Based on this current staffing model, Collinsville Dialysis has operated at 80 percent utilization over the past 12 months and cannot accommodate additional patients

To better allocate clinical resources, DaVita assessed utilization and staffing at its Metroeast Dialysis clinics. As of December 31, 2022, Edwardsville Dialysis, an 8-station clinic, had 22 patients and Collinsville had 18 patients. The addition of the four stations will have a minimal cost (Collinsville Dialysis is plumbed for 12 stations and the dialysis machines will be transferred from DaVita’s facilities that recently closed). Only one tech would be required to staff the additional station, allowing DaVita to reallocate clinical staffing resources to other clinics. Finally, consolidating the two clinics would allow DaVita to address the need for in-center hemodialysis, without a significant increase in nursing staff, create economies of scale, integrate clinical, administrative and support functions, and eliminate functional redundancies between the two facilities.

2. A map of the market area for the proposed facility is attached at Attachment – 12. The market area encompasses an approximate 17-mile radius around Collinsville Dialysis. The boundaries of the market area are as follows:
 - North approximately 17 miles to Bethalto
 - Northeast approximately 9 miles to the Mississippi River
 - East approximately 17 miles to the Helvetia
 - Southeast approximately 17 miles to Summerfield
 - South approximately 17 miles to Millstadt
 - Southwest approximately 8 miles the Mississippi River
 - West approximately 8 miles to the Mississippi River
 - Northwest approximately 9 miles to the Mississippi River
3. Due to staffing challenges, Collinsville Dialysis currently operates three shifts per day, three days per week. As discussed more fully above, additional stations are needed, so DaVita can consolidate the Collinsville and Edwardsville clinics. The consolidation will allow DaVita to treat the additional Edwardsville patients with a minimal staffing increase at Collinsville and reallocate

clinical staffing resources to address the growing need for dialysis in the Metroeast region.

4. Additional stations will allow Edwardsville Dialysis patients to transfer to Collinsville without a significant staffing increase.
5. The Applicants anticipate the proposed facility will have quality outcomes comparable to its other facilities. Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients.



Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(c) – Background, Purpose of the Project, and Alternatives

Alternatives

The Applicants considered two options prior to determining to add four dialysis stations to Collinsville Dialysis. The options considered are as follows:

1. Maintain the Status Quo/Do Nothing
2. Add Four Dialysis Stations to Collinsville Dialysis

After exploring these options, which are discussed in more detail below, the Applicants determined to add four dialysis stations to Collinsville Dialysis. A review of each of the options considered follows.

Maintain the Status Quo/Do Nothing

The Applicants considered the option not to do anything. As of December 31, 2022, Edwardsville Dialysis and Collinsville Dialysis are underutilized. As discussed in greater detail in Criterion 1110.230(b), DaVita faces significant staffing challenges at many of its Metroeast Dialysis clinics. Maintaining separate dialysis clinics in Collinsville and Edwardsville would not address staffing shortages, create economies of scale, integrate clinical, administrative and support functions, or eliminate functional redundancies between the two facilities.

The addition of the four stations will have a minimal cost (Collinsville Dialysis is plumbed for 12 stations and the dialysis machines will be transferred from DaVita's facilities that recently closed). Further, only one tech would be required to staff the additional station, allowing DaVita to reallocate clinical staffing resources to other clinics. For these reasons, the option to do nothing was rejected.

There is no capital cost with this alternative.

Add Four Dialysis Stations to Collinsville Dialysis

Due to a nationwide clinical staffing shortage, DaVita operates Collinsville Dialysis three shifts per day on Mondays, Wednesdays and Fridays. Employing a three-day week staffing model provides more consistent staffing, greater stability, and better clinical outcomes. Based on this current staffing model, Collinsville Dialysis has operated at 80 percent utilization over the past 12 months and cannot accommodate additional patients.

The addition of four stations will allow DaVita to consolidate the Collinsville and Edwardsville clinics at a minimal cost and minimal staffing changes. It would also allow DaVita to address the need for in-center hemodialysis, without a significant increase in nursing staff, create economies of scale, integrate clinical, administrative and support functions, and eliminate functional redundancies between the two facilities.

The cost of this alternative is \$28,667.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(a), Size of the Project

The Applicants propose to add four stations to its existing dialysis center. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 360-520 gross square feet per dialysis station for a total of 4,320 – 6,240 gross square feet for 12 dialysis stations. The total gross square footage of the clinical space of the proposed Collinsville Dialysis is 6,142 of clinical gross square feet (or 511.83 GSF per station). Accordingly, the proposed facility meets the State standard per station.

| SIZE OF PROJECT | | | | |
|---------------------------|---------------------------|-----------------------|-------------------|----------------------|
| DEPARTMENT/SERVICE | PROPOSED BGSF/DGSF | STATE STANDARD | DIFFERENCE | MET STANDARD? |
| ESRD | 6,142 | 4,320 – 6,240 | N/A | Meets State Standard |

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(b), Project Services Utilization

By the second year after project completion, annual utilization at the proposed facility shall exceed HFSRB's utilization standard of 80%. Pursuant to Section 1100.1430 of the HFSRB's rules, facilities providing in-center hemodialysis should operate their dialysis stations at or above an annual utilization rate of 80%, assuming three patient shifts per day per dialysis station, operating six days per week.

| Table 1110.120(b) | | | |
|--------------------------|-----------------------|--|------------------------------|
| Utilization | | | |
| | Dept./ Service | Historical Utilization (Treatments) | Projected Utilization |
| 2020 | ESRD | 2,986 | |
| 2021 | ESRD | 2,760 | |
| Year 2 | ESRD | N/A | 6,240 |

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(d), Unfinished or Shell Space

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(e), Assurances

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section VII, Service Specific Review Criteria
In-Center Hemodialysis
Criterion 1110.230, In-Center Hemodialysis Projects – Review Criteria

1. Service to Planning Area Residents

The primary purpose of the proposed project is to improve access to life-sustaining dialysis services to the residents of the Collinsville and the surrounding area. As evidenced in the table below, 100% of the patients reside within 17 miles of Collinsville Dialysis.

| Table 1110.230(b)(2) | | |
|---|------------------|-----------------|
| Service to Planning Area Residents | | |
| Zip Code | City | Patients |
| 62025 | Edwardsville | 2 |
| 62062 | Maryville | 1 |
| 62203 | East St. Louis | 1 |
| 62208 | Fairview Heights | 1 |
| 62220 | Belleville | 1 |
| 62232 | Caseyville | 2 |
| 62234 | Collinsville | 8 |
| 62269 | O'Fallon | 2 |
| 62294 | Troy | 1 |
| Total | | 19 |

2. Service Demand

Attached at Attachment – 23A is a letter from Jill Glaser-Abernathy, Regional Operations Director, DaVita attesting the existing patients at Edwardsville Dialysis will transfer to Collinsville Dialysis upon Project completion.

3. Staffing

Collinsville Dialysis is staffed in accordance with all State and Medicare staffing requirements.

- a. Medical Director: Sriraj Kanungo, M.D. is Medical Director of Collinsville Dialysis. A copy of Dr. Kanungo’s curriculum vitae is attached at Attachment – 23B.
- b. Other Clinical Staff: Initial staffing for the proposed facility will be as follows:
 - Administrator (0.5 FTE)
 - Registered Nurse (1.35 FTE)
 - Patient Care Technician (2.36 FTE)
 - Biomedical Technician (1.2 FTE)
 - Social Worker (licensed MSW) (0.3 FTE)
 - Registered Dietitian (0.3 FTE)
 - Administrative Assistant (0.3 FTE)
- c. All staff will be training under the direction of the proposed facility’s Governing Body, utilizing DaVita’s comprehensive training program. DaVita’s training program meets all State and Medicare requirements. The training program includes introduction to the dialysis machine, components of the hemodialysis system, infection control, anticoagulation, patient assessment/data collection, vascular access, kidney failure, documentation, complications of dialysis, laboratory draws, and miscellaneous testing devices used. In addition, it includes in-depth theory on the structure and function of the kidneys; including, homeostasis, renal failure, ARF/CRF, uremia, osteodystrophy and anemia, principles of dialysis; components of hemodialysis system; water treatment;

dialyzer reprocessing; hemodialysis treatment; fluid management; nutrition; laboratory; adequacy; pharmacology; patient education, and service excellence.

- d. As set forth in the letter from Stephanie N. Berberich, Assistant Secretary of DaVita Inc. and Total Renal Care, Inc., attached at Attachment – 24C, Collinsville Dialysis will maintain an open medical staff.

4. Support Services

Attached at Attachment – 23C is a letter from Stephanie N. Berberich, Assistant Secretary of DaVita Inc. and Total Renal Care, Inc. attesting that Collinsville Dialysis will participate in a dialysis data system, will make support services available to patients, and will provide training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training.

5. Assurances

By the signatures on the Certification pages, the Applicants certify that Collinsville Dialysis will achieve 80% utilization based three patient shifts per day per dialysis station, operating three days per week.

January 30, 2023

Ms. Debra Savage
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Collinsville Dialysis

Dear Chair Savage:

I am writing on behalf of DaVita Inc. and Total Renal Care, Inc. d/b/a Edwardsville Dialysis in support of the expansion of Collinsville Dialysis, an 8-station in-center hemodialysis facility located at 101 Lanter Court, Building 2, Collinsville, Illinois. Edwardsville Dialysis currently treats 20 dialysis patients, these patients are expected to transfer to Collinsville Dialysis upon the discontinuation of that facility.

Utilization at Edwardsville Dialysis is currently 42% (or 20 patients). Further, the COVID-19 pandemic exacerbated the nationwide clinical staffing shortage, which has impacted DaVita's clinics in the Metroeast and elsewhere. To address these challenges, DaVita decided to reallocate clinical resources among its Metroeast dialysis clinics. As part of this reallocation, it will discontinue Edwardsville Dialysis and redeploy those resources to its other clinics to stabilize staffing, which will improve patient outcomes, and improve shift availability for patients who need to dialyze earlier in the day. Expansion of Collinsville Dialysis will allow it to accommodate Edwards Dialysis patients as well as future patients.

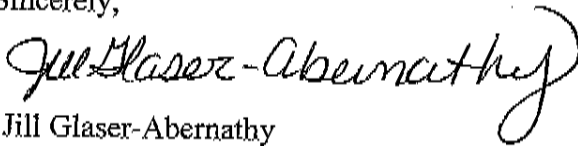
A list of the patients who currently dialyze at Edwardsville Dialysis is attached at Attachment - 1.

These patient referrals have not been used to support another pending or approved certificate of need application. The information in this letter is true and correct to the best of my knowledge.

Ms. Debra Savage
January 30, 2023
Page 2

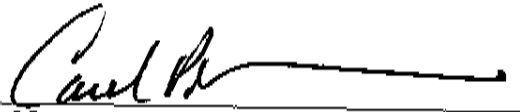
I support the proposed expansion of Collinsville Dialysis.

Sincerely,



Jill Glaser-Abernathy
Regional Operations Director
Keystone Region 4
101 Lanter Court
Collinsville, Illinois 62234

Subscribed and sworn to me
This 10 day of February, 2023



Notary Public



Attachment - 1

| Zip Code | Patients |
|-----------------|-----------------|
| 62025 | 13 |
| 62034 | 2 |
| 62067 | 1 |
| 62088 | 1 |
| 62095 | 2 |
| 62097 | 1 |
| Total | 20 |

Sriraj (Tim) Kanungo
 15728 Summer Ridge Drive
 Chesterfield, MO 63017
 Home: (636) – 537 – 0933
 Cell: (314) – 477 – 9955
 stkmd@hotmail.com

EDUCATION:

- *Nephrology Fellowship*
 Saint Louis University School of Medicine, St. Louis, MO
 Clinical Nephrology, Transplant Nephrology, Interventional Nephrology
 7/2006 – 6/2008
- *Internal Medicine Internship/Residency:*
 Saint Louis University School of Medicine, St. Louis, MO
 8/2002 – 8/2005
- *Medical School:*
 M.D. Saint Louis University School of Medicine, St. Louis, MO
 8/1998 – 8/2002
- *College:*
 B.A. Saint Louis University, St. Louis, MO
 8/1994 – 8/1998
 Summa Cum Laude, 1998
 Major: Biology
 Minor: Psychology

PROFESSION EXPERIENCE

- *Saint Louis Nephrology and Hypertension*
 6400 Clayton Road, Suite 412
 St. Louis, MO 63117
 7/2008 – Present
- *Saint Alexius Hospital Emergency Room*
 3933 South Broadway
 Saint Louis, MO 63118
 1/2006 – 6/2006
- *Gavini Medical Group Ltd*
 10000 Watson Road, Suite 2L – 16
 Crestwood, MO 63126
 9/2005 – 12/2005

- *The Boeing Company*
5900 North Lindbergh Blvd
Hazelwood, MO 63042
6/1995 – 8/1995

EXAMS/LICENSES/CERTIFICATIONS:

- USLME Step I September 1999 PASS
- USLME Step II January 2002 PASS
- USLME Step III February 2005 PASS
- Licensed in the State of Missouri since 2005
- Licensed in the State of Illinois since 2008
- **Board Certified in Nephrology in November 2008 and 2019**

HONORS:

- Dean's Scholarship, 1994 – 1998
- Dean's List (GPA 3.7 or better), 1994 – 1998
- Med Scholar Program, 1994 – 1998
- Alpha Epsilon Delta – Pre-med Honor Society, 1994 – 1998
- Alpha Sigma Nu – National Jesuit Honor Society, 1994 – 1998
- Who's Who Among American College Students. 1998

RESEARCH/PUBLICATIONS:

- *Fellowship*
“Collapsing glomerulopathy as a complication of interferon therapy for Hepatitis C”
International Urology and Nephrology, June 4 2009 (**PUBLISHED**)
Sriraj Kanungo MD, et al.
- *Residency:*
Isolation of Earthworm Protein for possible use in immunotherapy
- Involved use of gel electrophoresis for isolation
Supervisor: Raymond Slavin, MD and Patricia Hutcheson,
Division of Allergy and Immunology
Saint Louis University School of Medicine
- *Medical School:*
“Molecular Control of Cardiomyopathy & Atherosclerosis”
Supervisor: Puran S. Bora, Ph.D

St. Louis University School of Medicine, 1999

“Diagnosis of Atherosclerosis in the Transplanted Heart”

Supervisor: H. Peter Zassenhaus, Ph.D

St. Louis University School of Medicine, 2000

VOLUNTARY WORK:

- Volunteer - Health Resource Center, a student run non-profit clinic, 1998-1999
- Volunteer - Juvenile Diabetes Foundation “Walk for Cure”, 1999 – 2000
- Volunteer – American Heart Association “Fundraising Walk”, 2000 - 2001
- Volunteer - La Clinica, Clinic dedicated to the service of Spanish speaking population of St. Louis, 1999-2000

MEMBERSHIP:

- American Medical Association (AMA)
- American College of Physicians (ACP)
- American Society of Nephrology (ASN)
- Renal Physicians Association (RPA)

INTERESTS:

- Table Tennis
- Science Fiction Novels
- Movies and Music



Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Certification of Support Services

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1110.230(f) that Collinsville Dialysis will maintain an open medical staff.

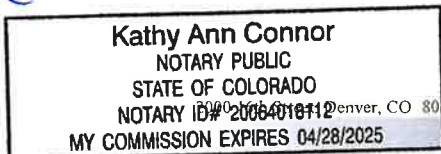
I also certify the following with regard to needed support services:

- DaVita utilizes an electronic dialysis data system;
- Collinsville Dialysis will have available all needed support services required by the Centers for Medicare and Medicaid Services, which may consist of clinical laboratory services, blood bank, nutrition, rehabilitation, psychiatric services, and social services; and
- Patients, either directly or through other area DaVita facilities, will have access to training for self-care dialysis, self-care instruction, and home hemodialysis and peritoneal dialysis.

Sincerely,

Print Name: Stephanie N. Berberich
Its: Assistant Secretary, DaVita Inc.
Secretary, Total Renal Care, Inc.

Subscribed and sworn to me
This 13th day of September, 2022

Notary Public

Denver, CO 80002 | P (800) 244-0680 | F (310) 536-2675 | DaVita.com

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

The project will be funded entirely with cash and cash equivalents. A copy of DaVita's 2022 10-K Statement evidencing sufficient internal resources to fund the is attached at Attachment – 33.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2022
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number: 1-14106



DAVITA INC.

(Exact name of registrant as specified in charter)

Delaware
(State of incorporation)

51-0354549
(I.R.S. Employer Identification No.)

2000 16th Street
Denver, CO 80202

Telephone number (720) 631-2100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:
Common Stock, \$0.001 par value

Trading symbol(s):
DVA

Name of each exchange on which registered:
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its final report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

As of June 30, 2022, the aggregate market value of the registrant's common stock outstanding held by non-affiliates based upon the closing price on the New York Stock Exchange was approximately \$7.4 billion.

As of January 31, 2023, the number of shares of the registrant's common stock outstanding was approximately 90.4 million shares.

Documents incorporated by reference

Portions of the registrant's proxy statement for its 2023 annual meeting of stockholders are incorporated by reference in Part III of this Form 10-K.

**DAVITA INC.
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PART I

Item 1. Business

Unless otherwise indicated in this report "DaVita", "the Company" "we", "us", "our" and other similar terms refer to DaVita Inc. and its consolidated subsidiaries. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge through our website, located at <http://www.davita.com>, as soon as reasonably practicable after the reports are filed with or furnished to the Securities and Exchange Commission (SEC). The SEC also maintains a website at <http://www.sec.gov> where these reports and other information about us can be obtained. The contents of our website are not incorporated by reference into this report.

Overview of DaVita Inc.

DaVita is a leading healthcare provider focused on transforming care delivery to improve quality of life for patients globally. We are one of the largest providers of kidney care services in the U.S. and have been a leader in clinical quality and innovation for more than 20 years. We care for our patients at every stage and setting along their kidney health journey—including earlier diagnosis and prevention, supporting the transplant process, helping with end of life and ensuring they are supported at home, in our dialysis centers and in the hospital and/or skilled nursing facilities. We are committed to bold, patient-centric care models, implementing the latest technologies and advancing integrated care offerings. We have established a value-based culture with a philosophy of caring that is focused on both our patients and teammates. This culture and philosophy fuel our continuous drive toward achieving our mission "to be the provider, partner and employer of choice."

There are five stages of chronic kidney disease (CKD). These stages are generally based on how well the kidneys work to filter waste and extra fluid out of the blood—with higher stages of CKD corresponding to progressing levels of kidney disease. Stage 1 CKD is the closest to healthy kidney function. Stage 5 classification indicates that a patient has severe kidney damage.

A patient diagnosed with Stage 5 CKD has kidneys that have lost nearly all functionality or have failed. If the patient's kidneys fail, they are then diagnosed with end stage renal disease (ESRD), also known as end stage kidney disease (ESKD). Because loss of kidney function is normally irreversible, ESKD patients require continued dialysis treatments or a kidney transplant to sustain life. Dialysis is the removal of toxins, fluids and salt from the blood of patients by artificial means. Patients suffering from ESKD generally require regular life-sustaining dialysis therapy for the rest of their lives or until they receive a kidney transplant.

The treatment goal for CKD patients prior to Stage 5 is to manage and slow the progression of the disease to preserve kidney functionality. Because kidney failure is typically caused by Type I and Type II diabetes, hypertension, polycystic kidney disease, long-term autoimmune attack on the kidneys and prolonged urinary tract obstruction, slowing the progression generally involves working with nephrologists or dieticians to help control blood pressure, monitor blood glucose and maintain healthy diet and exercise routines, among other things.

Our businesses

We are one of the two largest dialysis providers in the United States. Our U.S. dialysis and related lab services (U.S. dialysis) business treats patients with chronic kidney failure, ESKD, in the United States, and is our largest line of business. Our robust platform to deliver kidney care services also includes established nephrology and payor relationships.

In addition, as of December 31, 2022, our international operations provided dialysis and administrative services to a total of 350 outpatient dialysis centers located in 11 countries outside of the U.S., serving approximately 45,600 patients.

Finally, our U.S. integrated kidney care (IKC) business provided integrated care and disease management services to 42,000 patients in risk-based integrated care arrangements and to an additional 15,000 patients in other integrated care arrangements across the United States as of December 31, 2022. A majority of the patients served by our integrated care business are also our dialysis patients.

We also maintain a few other ancillary services and investments outside of our U.S. dialysis, U.S. IKC, or international operations, which we refer to as our U.S. other ancillary services.

We refer to our U.S. integrated kidney care business, U.S. other ancillary services and international operations as, collectively, our "ancillary services." We also have a separate corporate administrative support function that supports our U.S. dialysis business and these ancillary services. Each of our businesses are described in greater detail in the sections that follow.

Our care model

Our patient-centric care model leverages our platform of kidney care services to maximize patient choice in both models and modalities of care. We believe that the flexibility we offer coupled with a focus on comprehensive kidney care supports our commitments to help improve equitable clinical outcomes and quality of life for our patients. According to the most recently published data, for eight consecutive years, we have continued as an industry leader in the Centers for Medicare & Medicaid Services' (CMS) Quality Incentive Program (QIP), which promotes high quality services in outpatient dialysis facilities treating patients with ESKD. In addition, according to the most recently published data, for seven consecutive years, we have also continued as an industry leader under CMS' Five-Star Quality Rating system, which rates eligible dialysis centers based on the quality of outcomes to help patients, their families, and caregivers make more informed decisions about where patients receive care. We are also among the early leaders in the ESRD Treatment Choices (ETC) Model, which was launched by the CMS Center for Medicare and Medicaid Innovation (CMMI) in January 2021 with the stated intent to "encourage greater use of home dialysis and kidney transplants for Medicare beneficiaries with ESKD, while reducing Medicare expenditures and preserving or enhancing the quality of care furnished to beneficiaries with ESKD."

Value-based arrangements are proliferating in the kidney health space. These arrangements are allowing for a much larger degree of collaboration between nephrologists, providers, and transplant programs, resulting in a more complete understanding of each patient's clinical needs, which we believe leads to better care coordination and earlier intervention. Our IKC business is an active participant in CMMI's Comprehensive Kidney Care Contracting (CKCC) model that seeks to manage the care of late stage CKD and ESKD patients to delay the progression of kidney disease, promote home dialysis, and incentivize transplants.

Our quality clinical outcomes are driven by our experienced and knowledgeable caregivers. We employ registered nurses, licensed practical or vocational nurses, patient care technicians, social workers, registered dietitians, biomedical technicians and other administrative and support teammates who strive to achieve superior clinical outcomes at our dialysis facilities. In addition to our teammates at our dialysis facilities, as of December 31, 2022, our domestic Chief Medical Officer leads a team of 23 nephrologists in our physician leadership team as part of our domestic Office of the Chief Medical Officer (OCMO). Our international Chief Medical Officer leads a team of nine nephrologists in our physician leadership team as part of our international OCMO as of December 31, 2022. Our OCMO teammates represent a variety of academic, clinical practice, and clinical research backgrounds. We also have a Physician Council that serves as an advisory body to senior management, which was composed of 10 physicians with extensive experience in clinical practice and five Group Medical Directors as of December 31, 2022.

On June 19, 2019, we completed the sale of our prior DaVita Medical Group (DMG) business, a patient and physician-focused integrated healthcare delivery and management company, to Collaborative Care Holdings, LLC, a subsidiary of UnitedHealth Group Inc. As a result, the DMG business has been classified as discontinued operations and its results of operations are reported as discontinued operations for all periods presented in the consolidated financial statements included in this report.

For financial information about DMG, see Note 22 to the consolidated financial statements included in this report.

COVID-19 and its impact on our business

As a caregiving organization, we are impacted by continued and compounding effects of the coronavirus (COVID-19) pandemic. We continue to closely monitor the impact on our business of the pandemic and the resulting economic and political environment, including the various impacts on our patients, teammates, physician partners, suppliers, vendors and business partners.

Our top priorities continue to be the health, safety and well-being of our patients, teammates and physician partners and helping to ensure that our patients have the ability to maintain continuity of care throughout the pandemic, whether in the hospital, outpatient or home setting. To that end, we have dedicated and continue to dedicate substantial resources in response to COVID-19, including the implementation of additional protocols and initiatives to help safely maintain continuity of care for our patients and help protect our caregivers and provide access to vaccinations. These protocols and initiatives include, among other things, policies to implement dedicated care shifts for patients with confirmed or suspected COVID-19 and other enhanced clinical practices. These efforts are part of our wider Prepare, Prevent, Respond and Recover protocol that includes operational initiatives such as the redistribution of teammates, machines and supplies across the country as needed, increased investment in and utilization of telehealth capabilities, and administration of COVID-19 vaccines. These initiatives have increased our expenses and operational complexity, and also may involve increased execution and compliance risks.

We believe the ultimate impact of this pandemic on the Company will depend on future developments that are highly uncertain and difficult to predict. For additional discussion of the COVID-19 pandemic and our response, including its impact

on us and related risks and uncertainties, please see the discussion below under the heading "*Human Capital Management*," the risk factor in Item 1A. Risk Factors under the heading "*Macroeconomic conditions and global events...*," and the discussion under the heading "*COVID-19, General Economic and Marketplace Conditions, and Legal and Regulatory Developments*" in Part II, Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

U.S. dialysis business

Our U.S. dialysis business is a leading provider of kidney dialysis services for patients suffering from ESKD. As of December 31, 2022, we provided dialysis and administrative services in the U.S. through a network of 2,724 outpatient dialysis centers in 46 states and the District of Columbia, serving a total of approximately 199,400 patients. We also have contracts to provide hospital inpatient dialysis services in approximately 820 hospitals and related laboratory services throughout the U.S.

According to the United States Renal Data System (USRDS), there were over 562,000 ESKD dialysis patients in the U.S. in 2020. Based on the most recent 2022 annual data report from the USRDS, the underlying ESKD dialysis patient population grew at an approximate compound rate of 3.0% from 2010 to 2020 and 2.1% from 2015 to 2020 as compared to a decline in growth of (1.2)% from 2019 to 2020, which suggests that the rate of growth of the ESKD patient population is declining relative to long term trends. As the USRDS only presents data through December 31, 2020, it does not yet reflect the continued and compounding impact of COVID-19 on this patient base. A number of factors may impact ESKD growth rates, including, among others, mortality rates for dialysis patients or CKD patients, the aging of the U.S. population, transplant rates, incidence rates for diseases that cause kidney failure such as diabetes and hypertension and growth rates of minority populations with higher than average incidence rates of ESKD. Certain of these factors, in particular mortality rates for dialysis or CKD patients, have been impacted by the COVID-19 pandemic.

Treatment options for ESKD

Treatment options for ESKD are dialysis and kidney transplantation.

Dialysis options

- *Hemodialysis*

Hemodialysis, the most common form of ESKD treatment, is usually performed at a freestanding outpatient dialysis center, at a hospital-based outpatient center, in a skilled nursing facility or at the patient's home. The hemodialysis machine uses an artificial kidney, called a dialyzer, to remove toxins, fluids and salt from the patient's blood. The dialysis process occurs across a semi-permeable membrane that divides the dialyzer into two distinct chambers. While blood is circulated through one chamber, a pre-mixed fluid is circulated through the other chamber. The toxins, salt and excess fluids from the blood cross the membrane into the fluid, allowing cleansed blood to return back into the patient's body. Each hemodialysis treatment that occurs in the outpatient dialysis centers typically lasts approximately three and one-half hours and is usually performed three times per week.

Hospital inpatient hemodialysis services are required for patients with acute kidney failure primarily resulting from trauma, patients in early stages of ESKD and ESKD patients who require hospitalization for other reasons. Hospital inpatient hemodialysis is generally performed at the patient's bedside or in a dedicated treatment room in the hospital, as needed.

Some ESKD patients may perform hemodialysis with the help of a care partner in their home or residence through the use of a hemodialysis machine designed specifically for home therapy that is portable, smaller and easier to use. Patients receive training, support and monitoring from registered nurses, usually in our outpatient dialysis centers, in connection with their home hemodialysis treatment. Home hemodialysis is typically performed with greater frequency than dialysis treatments performed in outpatient dialysis centers and on varying schedules.

- *Peritoneal dialysis*

Peritoneal dialysis uses the patient's peritoneal or abdominal cavity to eliminate fluid and toxins and is typically performed at home. The most common methods of peritoneal dialysis are continuous ambulatory peritoneal dialysis (CAPD) and continuous cycling peritoneal dialysis (CCPD). Because it does not involve going to an outpatient dialysis center three times a week for treatment, peritoneal dialysis is generally an alternative to hemodialysis for patients who are healthier, more independent and desire more flexibility in their lifestyle.

CAPD introduces dialysis solution into the patient's peritoneal cavity through a surgically placed catheter. Toxins in the blood continuously cross the peritoneal membrane into the dialysis solution. After several hours, the patient drains the used dialysis solution and replaces it with fresh solution. This procedure is usually repeated four times per day.

CCPD is performed in a manner similar to CAPD, but uses a mechanical device to cycle dialysis solution through the patient's peritoneal cavity while the patient is sleeping or at rest.

Kidney transplantation

Although kidney transplantation, when successful, is considered the most desirable form of therapeutic intervention, the shortage of suitable donors, side effects of immunosuppressive pharmaceuticals given to transplant recipients and dangers associated with transplant surgery for some patient populations have generally limited the use of this treatment option. An executive order signed in July 2019 (the 2019 Executive Order) directed HHS to develop policies addressing, among other things, the goal of making more kidneys available for transplant. As directed by the 2019 Executive Order, the CMS, through its Center for Medicare and Medicaid Innovation (CMMI), subsequently released the framework for certain proposed voluntary payment models that would adjust payment incentives to encourage kidney transplants. For more information regarding the 2019 Executive Order and these payment models, please see the discussion below under the heading "*—Integrated Kidney Care and Medicare and Medicaid program reforms.*"

U.S. dialysis services we provide

Outpatient hemodialysis services

As a condition of our enrollment in Medicare for the provision of dialysis services, we contract with a nephrologist or a group of associated nephrologists to provide medical director services at each of our dialysis centers. In addition, other nephrologists may apply for practice privileges to treat their patients at our centers. Each center has an administrator, typically a registered nurse, who supervises the day-to-day operations of the center and its staff. The staff of each center typically consists of registered nurses, licensed practical or vocational nurses, patient care technicians, a social worker, a registered dietician, biomedical technician support and other administrative and support personnel.

Our total patient turnover at centers we consolidate, which is based upon all causes, averaged approximately 27% in both 2022 and 2021. The overall number of patients to whom we provided services in the U.S. in 2022 decreased by approximately 1.8% from 2021, primarily due to an increase in mortality rates, which have been impacted by the COVID-19 pandemic. This was partially offset by new dialysis patients who started treating at our centers acquired during the year.

Hospital inpatient hemodialysis services

As of December 31, 2022, we have contracts to provide hospital inpatient hemodialysis services, excluding physician services, to patients in approximately 820 hospitals throughout the U.S. We render these services based on a contracted per-treatment fee that is individually negotiated with each hospital. When a hospital requests our services, we typically administer the dialysis treatment at the patient's bedside or in a dedicated treatment room in the hospital, as needed.

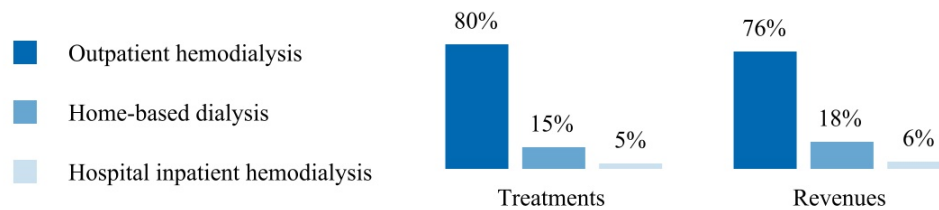
Home-based dialysis services

Home-based dialysis services includes home hemodialysis and peritoneal dialysis. Many of our outpatient dialysis centers offer certain support services for dialysis patients who prefer and are able to perform either home hemodialysis or peritoneal dialysis in their homes. Home-based hemodialysis support services consist of providing equipment and supplies, training, patient monitoring, on-call support services and follow-up assistance. Registered nurses train patients and their families or other caregivers to perform either home hemodialysis or peritoneal dialysis. The 2019 Executive Order and related HHS guidance described above also included a stated goal of increasing the relative number of new ESKD patients that receive dialysis at home.

According to the most recent 2022 annual data report from the USRDS, in 2020 approximately 14% of ESKD dialysis patients in the U.S. perform home-based dialysis.

Treatments and revenues by modality:

The following graph summarizes our U.S. dialysis treatments by modality and U.S. dialysis patient services revenues by modality for the year ended December 31, 2022.



Other

ESKD laboratory services

We operate a separately licensed and highly automated clinical laboratory which specializes in ESKD patient testing. This specialized laboratory provides routine laboratory tests for dialysis and other physician-prescribed laboratory tests for ESKD patients. Our laboratory provides these tests predominantly for our ESKD patients throughout the U.S. These tests are performed for a variety of reasons, including to monitor a patient’s ESKD condition, including the adequacy of dialysis, as well as other medical conditions of the patient. Our laboratory utilizes information systems which provide information to certain members of the dialysis centers’ staff and medical directors regarding critical outcome indicators.

Management services

We currently operate or provide management and administrative services pursuant to management and administrative services agreements to 56 outpatient dialysis centers located in the U.S. in which we either own a noncontrolling interest or which are wholly-owned by third parties. Management fees are established by contract and are recognized as earned typically based on a percentage of revenues or cash collections generated by the outpatient dialysis centers.

Sources of revenue—concentrations and risks

Our U.S. dialysis revenues represent approximately 91% of our consolidated revenues for the year ended December 31, 2022. Our U.S. dialysis revenues are derived primarily from our core business of providing dialysis services and related laboratory services and, to a lesser extent, the administration of pharmaceuticals and management fees generated from providing management and administrative services to certain outpatient dialysis centers, as discussed above.

The sources of our U.S. dialysis revenues are principally from government-based programs, including Medicare and Medicare Advantage plans, Medicaid and managed Medicaid plans, other government-based programs including our agreement with the Veterans Administration, and commercial insurance plans. The following table summarizes our U.S. dialysis revenues by payor source for U.S. dialysis patient services revenues the year ended December 31, 2022:

| | |
|---|-------|
| Medicare and Medicare Advantage plans | 57 % |
| Medicaid and managed Medicaid plans | 7 % |
| Other government-based programs | 3 % |
| Total government-based programs | 67 % |
| Commercial (including hospital dialysis services) | 33 % |
| Total U.S. dialysis patient service revenues | 100 % |

*Medicare revenue**Medicare fee for service*

Since 1972, the federal government has provided healthcare coverage for qualified ESRD patients under the Medicare ESRD program regardless of age or financial circumstances. ESRD is the first and only disease state eligible for Medicare coverage both for dialysis and dialysis-related services and for all benefits available under the Medicare program.

Government dialysis related payment rates in the U.S. are principally determined by federal Medicare and state Medicaid policy. For patients with Medicare coverage, all ESRD payments for dialysis treatments are made under a single bundled payment rate which provides a fixed payment rate to encompass all goods and services provided during the dialysis treatment that are related to the dialysis treatment, including certain pharmaceuticals, such as erythropoiesis-stimulating agents (ESAs), calcimimetics, vitamin D analogs and iron supplements, irrespective of the level of pharmaceuticals administered to the patient or additional services performed. Most lab services are also included in the bundled payment.

Although Medicare reimbursement limits the allowable charge per treatment, it provides industry participants with a relatively predictable and recurring revenue stream for dialysis services provided to patients without commercial insurance. For the year ended December 31, 2022, approximately 90% of our total dialysis patients were covered under some form of government-based program, with approximately 75% of our dialysis patients covered under Medicare and Medicare Advantage plans.

Under this ESRD Prospective Payment System (PPS), the bundled payments to a dialysis facility may be reduced by as much as 2% based on the facility's performance in specified quality measures set annually by CMS through its QIP. CMS established QIP through the Medicare Improvements for Patients and Providers Act of 2008 to promote high quality services in outpatient dialysis facilities treating patients with ESRD. QIP associates a portion of Medicare reimbursement directly with a facility's performance on quality of care measures. Reductions in Medicare reimbursement result when a facility's overall score on applicable measures does not meet established standards. For scoring and payment adjustment purposes in the performance year 2022 ESRD QIP, CMS determined that circumstances caused by COVID-19 have significantly affected the validity and reliability of the measures and resulting performance scores. The policies finalized in this rule are intended to ensure that these programs do not penalize facilities based on circumstances caused by COVID-19 that the measures were not designed to accommodate. In this final rule, the CMS finalized its proposal to suppress the use of certain measures impacted by COVID-19. Under these finalized policies, no facility will receive a payment reduction for 2022.

Uncertainty about future payment rates remains a material risk to our business, as well as the potential implementation of or changes in coverage determinations or other rules or regulations by CMS or Medicare Administrative Contractors that may impact reimbursement. An important provision in the Medicare ESRD statute is an annual adjustment, or market basket update, to the ESRD PPS base rate. Absent action by Congress, the ESRD PPS base rate is automatically updated annually by a formulaic inflation adjustment, but it does not always cover the actual inflationary increase.

On September 18, 2020, pursuant to the 2019 Executive Order, CMS, through CMMI, published the final ESRD Treatment Choices mandatory payment model (ETC). The ETC launched on January 1, 2021, administered through CMMI in approximately 20% of our dialysis clinics across the country.

On October 31, 2022, CMS issued a final rule to update the ESRD PPS payment rate and policies. Among other things, the rule updates payment rates under the ESRD PPS for renal dialysis services furnished to beneficiaries on or after January 1, 2023, finalizes updates to the Acute Kidney Injury (AKI) dialysis payment rate for dialysis services furnished by ESRD facilities for calendar year 2023 and updates requirements for the ESRD Quality Incentive Program. CMS estimates the final rule will affect ESRD facilities' average reimbursement by a productivity-adjusted market basket increase of 3.0% in 2023.

As a result of the Budget Control Act of 2011 (BCA) and subsequent activity in Congress, a \$1.2 trillion sequester (across-the-board spending cuts) in discretionary programs took effect in 2013 reducing Medicare payments by 2%, which was subsequently extended through fiscal year 2027. Federal COVID-19 relief legislation suspended the 2% Medicare sequestration from May 1, 2020 through December 31, 2021. The Protecting Medicare and American Farmers from Sequester Cuts Act, signed into law on December 10, 2021, extended the suspension of the 2% Medicare sequestration from December 31, 2021 through March 31, 2022, with 1% Medicare sequestration beginning April 1, 2022 through June 30, 2022 and 2% Medicare sequestration beginning July 1, 2022 and thereafter. While in effect, the suspension of sequestration significantly increased our revenues.

ESRD patients receiving dialysis services become eligible for primary Medicare coverage at various times, depending on their age or disability status, as well as whether they are covered by a commercial insurance plan. Generally, for a patient not covered by a commercial insurance plan, Medicare can become the primary payor for ESRD patients receiving dialysis services

either immediately or after a three-month waiting period. For a patient covered by a commercial insurance plan, Medicare generally becomes the primary payor after 33 months, which includes the three-month waiting period, or earlier if the patient's commercial insurance plan coverage terminates or if the patient chooses Medicare over the commercial plan. When Medicare becomes the primary payor, the payment rates we receive for that patient shift from the commercial insurance plan rates to Medicare payment rates, which are on average significantly lower than commercial insurance rates.

Medicare pays 80% of the amount set by the Medicare system for each covered dialysis treatment. The patient is responsible for the remaining 20%. In many cases, a secondary payor, such as Medicare supplemental insurance, a state Medicaid program or a commercial health plan, covers all or part of these balances. Some patients who do not qualify for Medicaid, but otherwise cannot afford secondary insurance in the form of a Medicare Supplement Plan, can apply for premium payment assistance from charitable organizations to obtain secondary coverage. If a patient does not have secondary insurance coverage, we are generally unsuccessful in our efforts to collect from the patient the remaining 20% portion of the ESRD composite rate that Medicare does not pay. However, we are able to recover some portion of this unpaid patient balance from Medicare through an established cost reporting process by identifying these Medicare bad debts on each center's Medicare cost report.

Medicare Advantage revenue

Medicare Advantage (MA, managed Medicare or Medicare Part C) plans are offered by private health insurers who contract with CMS to provide their members with Medicare Part A, Part B and/or Part D benefits. These MA plans include health maintenance organizations, preferred provider organizations, private fee-for-service (FFS) organizations, special needs plans (SNPs) or Medicare medical savings account plans. The 21st Century Cures Act (the Cures Act) included a provision that, effective January 1, 2021, has allowed Medicare-eligible beneficiaries with ESRD to choose coverage under an MA plan. Prior to the Cures Act, MA plans were only available to ESRD patients if the patient was remaining on an MA plan that they had enrolled in prior to being diagnosed with ESRD, or in certain other limited situations such as a SNP. As a result, this provision under the Cures Act has broadened access for Medicare ESRD patients to certain enhanced benefits offered by MA plans. MA plans usually provide reimbursement to us at a negotiated rate that is generally higher than Medicare FFS rates. In February 2023, CMS released the CY 2024 MA Advance Notice (the Notice). Among other changes, the Notice contains information about potential future MA rate increases and updates certain policies associated with risk adjustments. We are continuing to assess the impact of the Notice and related MA regulations on our business.

Medicaid revenue

Medicaid programs are state-administered programs partially funded by the federal government. These programs are intended to provide health coverage for patients whose income and assets fall below state-defined levels and who are otherwise uninsured. These programs also serve as supplemental insurance programs for co-insurance payments due from Medicaid-eligible patients with primary coverage under the Medicare program. Some Medicaid programs also pay for additional services, including some oral medications that are not covered by Medicare. We are enrolled in the Medicaid programs in the states in which we conduct our business.

Commercial revenue

As discussed above, if a patient has commercial insurance, then that commercial insurance plan is generally responsible for payment of dialysis services for up to the first 33 months before that patient becomes eligible to elect to have Medicare as their primary payor for dialysis services. Although commercial payment rates vary, average commercial payment rates established under commercial contracts are generally significantly higher than Medicare rates. The payments we receive from commercial payors generate nearly all of our profits and all of our non-hospital dialysis profits come from commercial payors. Payment methods from commercial payors can include a single lump-sum per treatment, referred to as bundled rates, or in other cases separate payments for dialysis treatments and pharmaceuticals, if used as part of the treatment, referred to as FFS rates. Commercial payment rates are the result of negotiations between us and commercial payors or third party administrators. Our commercial contracts sometimes contain annual price escalator provisions. We are comprehensively contracted, and the vast majority of patients insured through commercial health plans are covered by one of our commercial contracts, though we also receive payments from a limited set of commercial patients that are covered by a health plan that considers us out-of-network. While our out-of-network payment rates are on average higher than in-network commercial contract payment rates, we have made efforts to be contracted with the majority of commercial payors offering health plans.

Approximately 26% of our U.S. dialysis patient services revenues and approximately 10% of our U.S. dialysis patients are associated with non-hospital commercial payors for the year ended December 31, 2022. Non-hospital commercial patients as a percentage of our total U.S. dialysis patients for 2022 were relatively flat compared to 2021. Less than 1% of our U.S. dialysis revenues are due directly from patients. No single commercial payor accounted for more than 10% of total U.S. dialysis

revenues for the year ended December 31, 2022. See Note 2 to the consolidated financial statements included in this report for disclosure on our concentration related to our commercial payors on a total consolidated revenue basis.

Both the number of our patients under commercial plans and the rates under these commercial plans are subject to change based on a number of factors. For additional detail on these factors and other risks associated with our commercial revenue, see the risk factors in Item 1A. Risk Factors under the headings "Our business is subject to a complex set of governmental laws, regulations and other requirements...;" "Changes in federal and state healthcare legislation or regulations...;" "If the number or percentage of patients with higher-paying commercial insurance declines...;" and "Macroeconomic conditions and global events..."

Revenue from other pharmaceuticals

For the year ended December 31, 2020, the oral and intravenous forms of calcimimetics, a drug class taken by many patients with ESRD to treat mineral bone disorder, were separately reimbursed through the transitional drug add-on payment adjustment (TDAPA) model based on a pass-through rate of the average sales price plus 0%, before sequestration. Effective January 1, 2021, both oral and intravenous forms of calcimimetics were added to the ESRD PPS bundled payment and as a result our operating income from calcimimetics since then has been more stable as compared to the year ended December 31, 2020.

Physician relationships

Joint venture partners

We own and operate certain of our dialysis centers through entities that are structured as joint ventures. We generally hold controlling interests in these joint ventures, with nephrologists, hospitals, management services organizations, and/or other healthcare providers holding minority equity interests. These joint ventures are typically formed as limited liability companies. For the year ended December 31, 2022, revenues from joint ventures in which we have a controlling interest represented approximately 28% of our U.S. dialysis revenues. We expect to continue to enter into new U.S. dialysis-related joint ventures in the ordinary course of business.

Community physicians

An ESKD patient generally seeks treatment or support for their home treatment at an outpatient dialysis center near their home where their treating nephrologist has practice privileges. Our relationships with local nephrologists and our ability to provide quality dialysis services and to meet the needs of their patients are key factors in the success of our dialysis operations. Over 4,900 nephrologists currently refer patients to our outpatient dialysis centers.

Medical directors

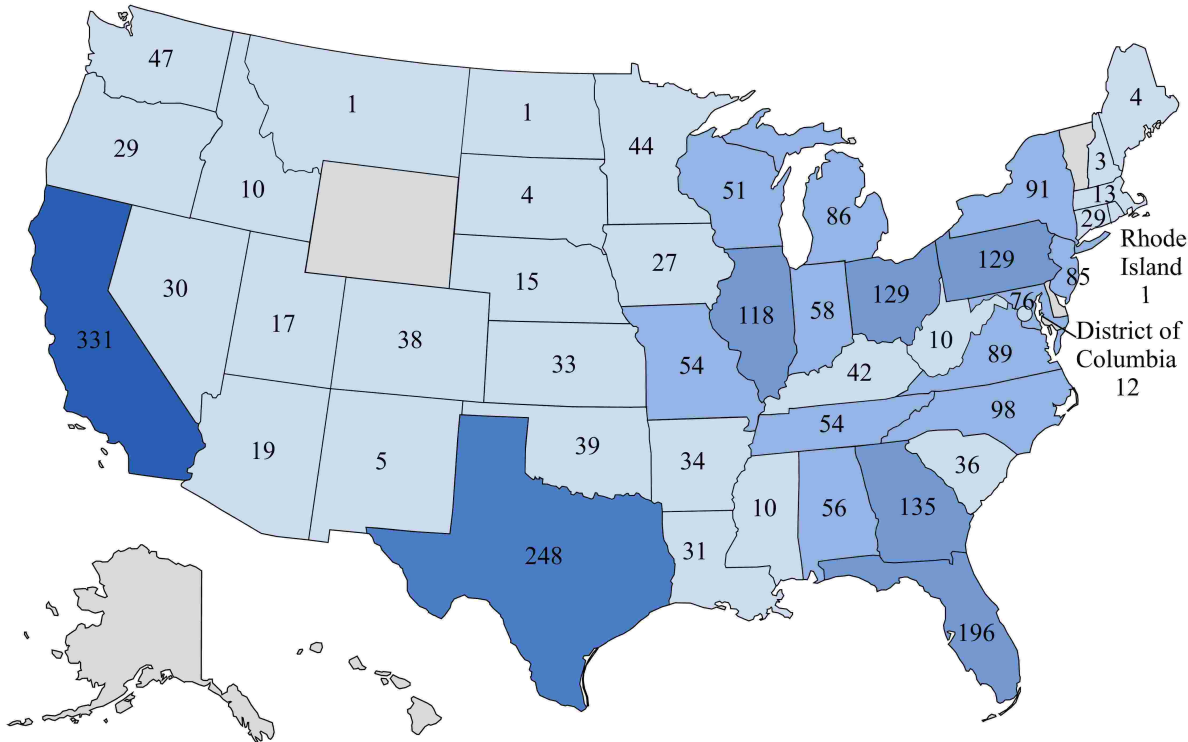
Participation in the Medicare ESRD program requires that dialysis services at an outpatient dialysis center be under the general supervision of a medical director. Per these requirements, this individual is usually a board certified nephrologist. We engage physicians or groups of physicians to serve as medical directors for each of our outpatient dialysis centers. At some outpatient dialysis centers, we also separately contract with one or more other physicians or groups to serve as assistant or associate medical directors over other modalities such as home dialysis. We have over 900 individual physicians and physician groups under contract to provide medical director services.

Medical directors for our dialysis centers enter into written contracts with us that specify their duties and fix their compensation generally for periods of ten years. The compensation of our medical directors is the result of arm's length negotiations, consistent with fair market value, and generally depends upon an analysis of various factors such as the physician's duties, responsibilities, professional qualifications and experience, as well as the time and effort required to provide such services.

Our medical director contracts and joint venture operating agreements generally include covenants not to compete or own interests in dialysis centers operated by other providers within a defined geographic area for various time periods, as applicable. These non-compete agreements do not restrict or limit the physicians from practicing medicine or prohibit the physicians from referring patients to any outpatient dialysis center, including dialysis centers operated by other providers. In January 2023, the Federal Trade Commission proposed a new rule that would generally prohibit employers from using noncompete clauses in contracts with workers that extend beyond the termination of the employment or independent contractor relationship. The proposed rule remains open for comment and a final rule has not been issued. We are monitoring these developments for any potential impact on us, including on our agreements with teammates, our arrangements with medical directors, joint venture operating agreements, or the terms of any of our existing agreements with physicians should the new rules ultimately be finalized and implemented in this area.

Location of our U.S. dialysis centers

We operated 2,724 outpatient dialysis centers in the U.S. as of December 31, 2022 and 2,668 of these centers are consolidated in our financial statements. Of the remaining 56 nonconsolidated U.S. outpatient dialysis centers, we own noncontrolling interests in 54 centers and provide management and administrative services to two centers that are wholly-owned by third parties. The locations of the 2,668 U.S. outpatient dialysis centers consolidated in our financial statements at December 31, 2022, were as follows:



Ancillary services, including our international operations

Our ancillary services relate primarily to our core business of providing kidney care services. As of December 31, 2022, these consisted primarily of our U.S. integrated kidney care (IKC) business, certain U.S. other ancillary businesses (including our clinical research programs, transplant software business, and venture investment group), and our international operations.

We have made and continue to make investments in building our integrated care capabilities, including the operation of certain strategic business initiatives that are intended to integrate and coordinate care among healthcare participants across the renal care continuum from CKD to ESKD to kidney transplant. Through improved technology and data sharing, as well as an increasing focus on value-based contracting and care, these initiatives seek to bring together physicians, nurses, dietitians, pharmacists, hospitals, dialysis clinics, transplant centers, payors and other specialists with a view towards improving clinical outcomes for our patients and reducing the overall cost of comprehensive kidney care. Certain of our ancillary services are described below.

U.S. Integrated Kidney Care

- Integrated Kidney Care.* VillageHealth DM, LLC, also doing business as DaVita Integrated Kidney Care (DaVita IKC), provides advanced integrated care management services to health plans and government programs for members/beneficiaries diagnosed with ESKD and CKD. Through a combination of health monitoring, clinical coordination, innovative interventions, predictive analytics, medical claims analysis and information technology, we endeavor to assist our health plan and government program customers and patients in obtaining superior renal healthcare and improved clinical outcomes, as well as helping to reduce overall medical costs. Integrated kidney

care management revenues from commercial and Medicare Advantage insurers can be based upon either an established contract fee recognized as earned for services provided over the contract period, or related to the operation of risk-based and value-based programs, including shared savings, pay-for-performance, and capitation contracts. DaVita IKC also contracts with payors to support Medicare Advantage ESKD special needs plans to provide ESKD patients full service healthcare. DaVita IKC supported our ESKD seamless care organizations (ESCO) joint venture programs until their completion in 2021, and DaVita IKC has commenced participation in both the involuntary and certain voluntary payment models administered by CMMI. As further described below under the heading "*—Government regulation—CMMI Payment Models*", the Company has invested resources, and expects to continue to invest substantial resources in these models as part of the Company's overall plan to grow its integrated kidney care business and value-based care initiatives. See Note 1, *Other revenue*, in the Company's consolidated financial statements for more information on how the Company accounts for its integrated care arrangements.

The Company is also developing, and has entered into, various forms of technology-based, administrative, financial and other collaboration and incentive arrangements with physician partners and other providers in support of our innovation, developing and expanding integrated kidney care programs and arrangements.

- *Physician services.* Nephrology Practice Solutions (NPS) is an independent business that partners with physicians committed to providing outstanding clinical and integrated care to patients. NPS provides nephrologist recruitment and staffing services in select markets that are billed on a per-search basis. NPS also offers physician practice management services to nephrologists under administrative and management services agreements. These administrative and management services include physician practice management, billing and collections, credentialing, coding and other support services that enable physician practices to increase efficiency and manage their administrative needs. Fees generated from these services are recognized as earned typically based upon flat fees or cash collections generated by the physician practice.

U.S. Other Ancillary services

- *Clinical research programs.* DaVita Clinical Research (DCR) is a provider-based specialty clinical research organization with a full spectrum of services for clinical drug research and device development. DCR uses its extensive, applied database and real-world healthcare experience to assist in the design, recruitment and completion of retrospective and prospective pragmatic and clinical trials. Revenues are based upon an established fee per study, as determined by contract with drug companies and other sponsors and are recognized as earned according to the contract terms.
- *Transplant software business.* DaVita's transplant software business, MedSleuth, works with transplant centers across the U.S. to provide greater connectivity among transplant candidates, transplant centers, physicians and care teams to help improve the experience and outcomes for kidney and liver transplant patients.
- *Venture Group.* DaVita Venture Group (DVG) focuses on innovative products, solutions and businesses that improve care for patients with kidney disease and related conditions. DVG identifies companies and products for acquisitions, strategic partnerships, and venture investment opportunities. DVG's focus includes innovation in digital health, pharmaceuticals, medical devices, and care delivery models.

For additional discussion of our ancillary services, see Part II, Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

International dialysis operations

We operated 350 outpatient dialysis centers located in 11 countries outside of the U.S. serving approximately 45,600 patients as of December 31, 2022. Of these 350 dialysis centers, 299 are consolidated in our financial statements and we own a noncontrolling interest in the remaining centers. Our international dialysis operations have continued to grow steadily and expand as a result of acquiring and developing outpatient dialysis centers in various strategic markets. Our international operations are included in our ancillary services.

As of December 31, 2022, the international outpatient dialysis centers we operate were located as follows:

| | |
|--------------------------|-----|
| Brazil | 93 |
| Poland | 63 |
| Germany | 52 |
| Malaysia ⁽¹⁾ | 40 |
| Colombia | 31 |
| United Kingdom | 25 |
| Saudi Arabia | 25 |
| Portugal | 10 |
| Japan ⁽¹⁾ | 5 |
| Singapore ⁽¹⁾ | 4 |
| China ⁽¹⁾ | 2 |
| | 350 |

(1) Includes centers that are operated or managed by our Asia Pacific joint venture (APAC JV).

Corporate administrative support

Corporate administrative support consists primarily of labor, benefits and long-term incentive compensation costs and professional fees for departments which provide support to all of our different operating lines of business. These expenses are included in our consolidated general and administrative expenses.

Government regulation

We operate in a complex regulatory environment with an extensive and evolving set of federal, state and local governmental laws, regulations and other requirements. These laws, regulations and other requirements are promulgated and overseen by a number of different legislative, regulatory, administrative and quasi-regulatory bodies, each of which may have varying interpretations, judgments or related guidance. As such, we utilize considerable resources on an ongoing basis to monitor, assess and respond to applicable legislative, regulatory and administrative requirements, but there is no guarantee that we will be successful in our efforts to adhere to all of these requirements. Additional discussion on certain of these laws, regulations and other requirements is set forth below in this section.

If any of our personnel, representatives, third party vendors or operations are alleged to have violated these or other laws, regulations or requirements, we could experience material harm to our reputation and stock price, and it could impact our relationships and/or contracts related to our business, among other things. If any of our personnel, representatives, third party vendors or operations are found to violate these or other laws, regulations or requirements, we could suffer additional severe consequences that could have a material adverse effect on our business, results of operations, financial condition and cash flows. The consequences could include, among others:

- Loss of required certifications, suspension or exclusion from or termination of our participation in federal or state government programs (including, without limitation, Medicare, Medicaid and CMMI demonstration programs);
- Refunds of amounts received in violation of law or applicable payment program requirements dating back to the applicable statute of limitation periods;
- Loss of licenses required to operate healthcare facilities or administer pharmaceuticals in the states in which we operate;
- Reductions in payment rates or coverage for dialysis and ancillary services and pharmaceuticals;
- Criminal or civil liability, fines, damages or monetary penalties;
- Imposition of corporate integrity agreements, corrective action plans or consent agreements;
- Enforcement actions, investigations, or audits by governmental agencies and/or state law claims for monetary damages by patients who believe their protected health information (PHI) has been used, disclosed or not properly safeguarded in violation of federal or state patient privacy laws, including, among others, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Privacy Act of 1974;

- Enforcement actions, investigations or audits by government agencies and/or initiated by qui tam relators related to interoperability and related data sharing and access requirements and regulations;
- Mandated changes to our practices or procedures that significantly increase operating expenses that could subject us to ongoing audits and reporting requirements as well as increased scrutiny of our billing and business practices, which could lead to potential fines, among other things;
- Termination of various relationships and/or contracts related to our business, such as joint venture arrangements, medical director agreements, hospital services and skilled nursing home agreements, real estate leases, value based arrangements, clinical incentive programs, payor contracts and consulting or participating provider agreements with physicians, among others; and
- Harm to our reputation which could negatively impact our business relationships and stock price, our ability to attract and retain patients, physicians and teammates, our ability to obtain financing and our access to new business opportunities, among other things.

We expect that our industry will continue to be subject to extensive and complex regulation, the scope and effect of which are difficult to predict. We are currently subject to various legal proceedings, such as lawsuits, investigations, audits and inquiries by various government and regulatory agencies, as further described in Note 16 to the consolidated financial statements, and our operations and activities could be reviewed or challenged by regulatory authorities at any time in the future. In addition, each of the laws, regulations and other requirements, including interpretations thereof, that govern our business may continue to change over time, and there is no assurance that we will be able to accurately predict the nature, timing or extent of such changes or the impact of such changes on the markets in which we conduct business or on the other participants that operate in those markets. For additional detail on risks related to each of the foregoing, see the discussion in Item 1A. Risk Factors under the headings, "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*;" and "*We are, and may in the future be, a party to various lawsuits, demands, claims, qui tam suits, governmental investigations and audits and other legal matters...*"

Licensure and Certification

Our dialysis centers are certified by CMS, as required for the receipt of Medicare payments. Certain of our payor contracts also condition payment on Medicare certification. In some states, our outpatient dialysis centers also are required to secure additional state licenses and permits. Governmental authorities, primarily state departments of health, periodically inspect our centers to determine if we satisfy applicable federal and state standards and requirements, including the conditions for coverage in the Medicare ESRD program.

We have experienced some delays in obtaining Medicare certifications from CMS, though changes by CMS in the prioritizing of dialysis providers as well as legislation allowing private entities to perform initial dialysis facility surveys for certification has helped to decrease or limit certain delays.

In addition, in September 2019, CMS finalized updates to the Provider Enrollment Rule creating onerous disclosure obligations for all providers enrolling in Medicare, Medicaid and the Children's Health Insurance Plan (CHIP). The final rule provides CMS with stronger revocation authority, increases the bar for re-enrollment, and permits CMS to impose a Medicare reapplication bar where a prospective provider's Medicare enrollment application is denied because the provider submitted incomplete, false, or misleading information for providers who are terminated from the Medicare program. CMS may also deny enrollment to providers who have affiliations with other providers that CMS has determined pose undue risk of fraud, waste or abuse. If we fail to comply with these and other applicable requirements on our licensure and certification programs, particularly in light of increased penalties that include a 10-year bar to Medicare re-enrollment, under certain circumstances it could have a material adverse impact on our business, results of operations, financial condition, cash flows and reputation.

In addition to certification by CMS, our dialysis centers are also certified by each state Medicaid program, are licensed in those states that require licensing for dialysis clinics, and are required to obtain licenses, permits and certificates, including for such areas as biomedical waste. Failure to obtain the correct certifications, permits and certificates as well as a failure to adhere to the requirements thereunder, may result in penalties, fines, and the loss of the right to operate, any of which could have a material adverse impact on our business, results of operations, financial condition, cash flow and reputation.

Federal Anti-Kickback Statute

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, in cash or kind, to induce or reward either the referral of an individual for, or the

purchase, or order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid.

Federal criminal penalties for the violation of the federal Anti-Kickback Statute include imprisonment, fines and exclusion of the provider from future participation in the federal healthcare programs, including Medicare and Medicaid. Violations of the federal Anti-Kickback Statute are punishable by imprisonment for up to ten years and statutory fines of up to \$100,000 or both. Larger criminal fines can be imposed under the provisions of the U.S. Sentencing Guidelines and the Alternate Fines Statute. Individuals and entities convicted of violating the federal Anti-Kickback Statute are subject to mandatory exclusion from participation in Medicare, Medicaid and other federal healthcare programs for a minimum of five years. Civil penalties for violation of this law include statutory amounts of up to \$100,000 (adjusted for inflation) in monetary penalties per violation, assessments of up to three times the total payments between the parties to the arrangement, and permissive exclusion from participation in the federal healthcare programs or suspension from future participation in Medicare and Medicaid. The ACA amended the federal Anti-Kickback Statute to clarify that the defendant may not need to have actual knowledge of the federal Anti-Kickback Statute or have the specific intent to violate it and to provide that any claims for items or services resulting from a violation of the federal Anti-Kickback Statute are considered false or fraudulent for purposes of the False Claims Act (FCA) and can result in treble damages and other penalties under the FCA. In addition, HHS' Office of Inspector General (OIG) and CMS in 2020 released a final rule implementing modifications to the Federal Anti-Kickback Statute and Civil Monetary Penalties Statute intended to promote value-based and coordinated care arrangements as well as reduce other regulatory burdens. Most changes implemented by the final rule went into effect on January 19, 2021.

The federal Anti-Kickback Statute includes statutory exceptions and regulatory safe harbors that protect certain arrangements. Business transactions and arrangements that are structured fully within an applicable safe harbor do not violate the federal Anti-Kickback Statute. When an arrangement is not structured fully within a safe harbor, the arrangement must be evaluated on a case-by-case basis in light of the parties' intent and the arrangement's potential for abuse, and may be subject to greater scrutiny by enforcement agencies.

In the ordinary course of our business operations, DaVita and its ancillary businesses and subsidiaries enter into numerous arrangements with physicians and other potential referral sources, that potentially implicate the Anti-Kickback Statute. Examples of such arrangements include, among other things, medical director agreements, joint ventures, leases and subleases with entities in which physicians, hospitals or medical groups hold ownership interests, consulting agreements, hospital services agreements, discharge planning services agreements, acute dialysis services agreements, value-based care arrangements, employment and coverage agreements, and incentive performance arrangements. In addition, some referring physicians may own DaVita Inc. common stock. Furthermore, our dialysis centers and subsidiaries sometimes enter into certain rebate, pricing, or other contracts to acquire certain discounted items and services that may be reimbursed by a federal healthcare program.

Agreements and other arrangements can still be appropriate under the federal Anti-Kickback Statute even if they fail to meet all parameters of a relevant safe harbor provision; and we endeavor to structure our arrangements within applicable safe harbors, although some arrangements are not structured fully within a safe harbor.

If any of our current or previous business transactions or arrangements, including but not limited to those described above, were found to violate the federal Anti-Kickback Statute, we, among other things, could face criminal, civil or administrative sanctions, including possible exclusion from participation in Medicare, Medicaid and other state and federal healthcare programs. Any findings that we have violated these laws could have a material adverse impact on our business, results of operations, financial condition, cash flows, reputation and stock price.

Stark Law

The Stark Law is a strict liability civil law that prohibits a physician who has a financial relationship, or who has an immediate family member who has a financial relationship, with entities providing Designated Health Services (DHS), from referring Medicare and Medicaid patients to such entities for the furnishing of DHS, unless an exception applies. The types of financial arrangements between a physician and a DHS entity that trigger the self-referral prohibitions of the Stark Law are broad and include direct and indirect ownership and investment interests and compensation arrangements. The Stark Law also prohibits the DHS entity receiving a prohibited referral from presenting, or causing to be presented, a claim or billing for the services arising out of the prohibited referral. If the Stark Law is implicated, the financial relationship must fully satisfy a Stark Law exception. If an exception to the Stark Law is not satisfied, then the parties to the arrangement could be subject to sanctions. Sanctions for violation of the Stark Law include denial of payment for claims for services provided in violation of the prohibition, refunds of amounts collected in violation of the prohibition, a civil penalty of up to \$15,000 (adjusted for inflation) for each service arising out of the prohibited referral, a statutory civil penalty of up to \$100,000 (adjusted for inflation) against parties that enter into a scheme to circumvent the Stark Law prohibition, civil assessment of up to three times the amount

claimed, and potential exclusion from the federal healthcare programs, including Medicare and Medicaid. Furthermore, Stark Law violations and failure to return overpayments timely can form the basis for FCA liability as discussed below. In addition, CMS released a final rule implementing modifications to the Stark Law intended to promote value-based and coordinated care arrangements as well as reduce other regulatory burdens. Most changes implemented by the final rule went into effect on January 19, 2021.

The definition of DHS under the Stark Law excludes services paid under a composite rate, even if some of the components bundled in the composite rate are DHS. Although the ESRD bundled payment system is no longer titled a composite rate, we believe that the former composite rate payment system and the current bundled system are both composite systems excluded from the Stark Law. Since most services furnished to Medicare beneficiaries provided in our dialysis centers are reimbursed through a bundled rate, we believe that the services performed in our facilities generally are not DHS. Certain separately billable drugs (drugs furnished to an ESRD patient that are not for the treatment of ESRD that CMS allows our centers to bill for using the so-called AY modifier) may be considered DHS. However, we have implemented certain billing controls designed to limit DHS being billed out of our dialysis clinics. Likewise, the definition of inpatient hospital services, for purposes of the Stark Law, also excludes inpatient dialysis performed in hospitals that are not certified to provide ESRD services. Consequently, we believe that our arrangements with such hospitals for the provision of dialysis services to hospital inpatients should not trigger the Stark Law referral prohibition.

In addition, although prescription drugs are DHS, there is an exception in the Stark Law for calcimimetics, EPO and other specifically enumerated dialysis drugs when furnished in or by an ESRD facility such that the arrangement for the furnishing of the drugs does not violate the Stark Law.

In the ordinary course of business operations, DaVita and its ancillary businesses and subsidiaries have many different types of financial arrangements with referring physicians that potentially implicate the Stark Law, including, but not limited to, medical director agreements, joint ventures, leases and subleases with entities in which physicians, hospitals or medical groups hold ownership interest, consulting agreements, hospital services agreements, discharge planning services agreements, acute dialysis services agreements, value-based care arrangements, employment agreements and incentive performance arrangements. In addition, some referring physicians may own our common stock in reliance on the Stark Law exception for investment interests in large publicly traded companies.

If our interpretation of the applicability of the Stark Law to our operations is incorrect, the controls we have implemented fail, an arrangement is entered into outside of our processes, or we were to fail to satisfy an applicable exception to the Stark Law, we could be found to be in violation of the Stark Law and required to change our practices, face civil penalties, pay substantial fines, return certain payments received from Medicare and beneficiaries or otherwise experience a material adverse effect.

In addition, it might be necessary to restructure existing compensation agreements with our medical directors and to repurchase or to request the sale of ownership interests in subsidiaries and partnerships held by referring physicians or, alternatively, to refuse to accept referrals for DHS from these physicians, or take other actions to modify our operations. Any finding by CMS or other regulatory or enforcement authorities that we have violated the Stark Law or related penalties and restructuring or other required actions could have a material adverse effect on our business, results of operations, financial condition, cash flows, stock price and reputation.

False Claims Act

The federal FCA is a means of policing false claims, false bills or false requests for payment in the healthcare delivery system. In part, the FCA authorizes the imposition of up to three times the government's damages and civil penalties, plus up to approximately \$25,000 per claim, on any person who, among other acts:

- Knowingly presents or causes to be presented to the federal government, a false or fraudulent claim for payment or approval;
- Knowingly makes, uses or causes to be made or used, a false record or statement material to a false or fraudulent claim;
- Knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay the government, or knowingly conceals or knowingly and improperly, avoids or decreases an obligation to pay or transmit money or property to the federal government; or
- Conspires to commit the above acts.

In addition, the FCA imposes severe penalties for the knowing and improper retention of overpayments collected from government payors. Under these provisions, within 60 days of identifying and quantifying an overpayment, a provider is required to follow certain notification and repayment processes. An overpayment impermissibly retained could subject us to liability under the FCA, exclusion from government healthcare programs, and penalties under the federal Civil Monetary Penalty statute. As a result of these provisions, our procedures for identifying and processing overpayments may be subject to greater scrutiny.

The federal government has used the FCA to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare and state healthcare programs, including coding errors, billing for services not rendered, the submission of false cost reports, billing for services at a higher payment rate than appropriate, billing under a comprehensive code as well as under one or more component codes included in the comprehensive code and billing for care that is not considered medically necessary. The ACA provides that claims tainted by a violation of the federal Anti-Kickback Statute are false for purposes of the FCA. Some courts have held that filing claims or failing to refund amounts collected in violation of the Stark Law can form the basis for liability under the FCA. In addition to the provisions of the FCA, which provide for civil enforcement, the federal government can use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims for payment to the federal government. In December 2022, proposed modifications relating to the application of FCA under the Medicare program were released. As proposed, the modifications would amend the knowledge requirement and remove references to quantification, among other things. We will monitor the comment process and finalization of the proposed rules, and will assess any changes relating to the FCA that are implemented to the extent they could impact our business.

Fraud and abuse under state law

State fraud and abuse laws related to anti-kickback, physician self-referral, beneficiary inducement and false claims often mirror those requirements of the applicable federal laws, or, in some instances contain additional or different requirements. If we were found to violate these state laws and regulations, we, among other things, could face criminal, civil or administrative sanctions, including loss of licensure or possible exclusion for Medicaid and other state and federal healthcare programs. Any findings that we have violated these laws and regulations could have a material adverse impact on our business, operations, financial condition, cash flows, reputation and stock price.

In addition to these fraud waste and abuse laws, some states in which we operate dialysis centers have laws prohibiting physicians from holding financial interests in various types of medical facilities to which they refer patients. Some of these laws could potentially be interpreted broadly as prohibiting physicians who hold shares of our publicly traded stock or are physician owners from referring patients to our dialysis centers if the centers use our laboratory subsidiary to perform laboratory services for their patients or do not otherwise satisfy an exception to the law. States also have laws similar to or stricter than the federal Anti-Kickback Statute that may affect our ability to receive referrals from physicians with whom we have financial relationships, such as our medical directors. Some state anti-kickback laws also include civil and criminal penalties. Some of these laws include exemptions that may be applicable to our medical directors and other physician relationships or for financial interests limited to shares of publicly traded stock. Some, however, may include no explicit exemption for certain types of agreements and/or relationships entered into with physicians. If these laws are interpreted to apply to referring physicians with whom we contract for items or services, including medical directors, or to referring physicians with whom we hold joint ownership interests or to referring physicians who hold interests in DaVita Inc. limited solely to our publicly traded stock, and for which no applicable exception exists, we may be required to terminate or restructure our relationships with or refuse referrals from these referring physicians and could be subject to criminal, civil and administrative sanctions, refund requirements and exclusions from participation in government healthcare programs, including Medicare and Medicaid, which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price.

Corporate Practice of Medicine and Fee-Splitting

There are states in which we operate that have laws that prohibit business entities not owned by health care providers, such as our Company and our subsidiaries, from practicing medicine, employing physicians and other licensed health care providers providing certain clinical services or exercising control over medical or clinical decisions by physicians and potentially other types of licensed health care providers (known collectively as the corporate practice of medicine). These states may also prohibit entities from engaging in certain financial arrangements, such as fee-splitting, with physicians and potentially other types of licensed health care providers. Violations of the corporate practice of medicine, fee-splitting and related laws vary by state and may result in physicians and potentially other types of licensed health care providers being subject to disciplinary action, as well as to forfeiture of revenues from payors for services rendered. Violations may also bring both civil and, in more extreme cases, criminal liability for engaging in medical practice without a license and violating the corporate

practice of medicine, fee-splitting and related laws. Some of the relevant laws, regulations, and agency interpretations in states with corporate practice of medicine restrictions have been subject to limited judicial and regulatory interpretation.

Civil Monetary Penalties Statute

The Civil Monetary Penalties Statute, 42 U.S.C. § 1320a-7a, authorizes the imposition of civil money penalties, assessments, and exclusion against an individual or entity based on a variety of prohibited conduct, including, but not limited to:

- Presenting, or causing to be presented, claims for payment to Medicare, Medicaid, or other third-party payors that the individual or entity knows or should know are for an item or service that was not provided as claimed or is false or fraudulent;
- Offering remuneration to a federal healthcare program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive healthcare items or services from a particular provider;
- Arranging contracts with an entity or individual excluded from participation in the federal healthcare programs;
- Violating the federal Anti-Kickback Statute;
- Making, using, or causing to be made or used, a false record or statement material to a false or fraudulent claim for payment for items and services furnished under a federal healthcare program;
- Making, using, or causing to be made any false statement, omission, or misrepresentation of a material fact in any application, bid, or contract to participate or enroll as a provider of services or a supplier under a federal healthcare program; and
- Failing to report and return an overpayment owed to the federal government.

Substantial civil monetary penalties may be imposed under the federal Civil Monetary Penalty Statute and vary, depending on the underlying violation. In addition, an assessment of not more than three times the total amount claimed for each item or service may also apply, and a violator may be subject to exclusion from participation in federal and state healthcare programs.

Foreign Corrupt Practices Act

We are subject to the provisions of the Foreign Corrupt Practices Act (FCPA) in the United States and similar laws in other countries, which generally prohibit companies and those acting on their behalf from making improper payments to foreign government officials and others for the purpose of obtaining or retaining business. A violation of the FCPA or other similar laws by us and/or our agents or representatives could result in, among other things, the imposition of fines and penalties, changes to our business practices, the termination of or other adverse impacts under our contracts or debarment from bidding on contracts, and/or harm to our reputation, any of which could have a material adverse effect on our business, results of operations, financial condition, cash flows and stock price.

Privacy and Security

The Health Insurance Portability and Accountability Act of 1996 and its implementing privacy and security regulations, as amended by the federal Health Information Technology for Economic and Clinical Health Act (HITECH Act) (collectively referred to as HIPAA), require us to provide certain protections to patients and their health information. The HIPAA privacy and security regulations extensively regulate the use and disclosure of PHI and require covered entities, which include healthcare providers, to implement and maintain administrative, physical and technical safeguards to protect the security of such information. Additional security requirements apply to electronic PHI. These regulations also provide patients with substantive rights with respect to their health information.

The HIPAA privacy and security regulations also require us to enter into written agreements with certain contractors, known as business associates, to whom we disclose PHI. Covered entities may be subject to penalties for, among other activities, failing to enter into a business associate agreement where required by law or as a result of a business associate violating HIPAA if the business associate is found to be an agent of the covered entity and acting within the scope of the agency. Business associates are also directly subject to liability under the HIPAA privacy and security regulations. In instances where we act as a business associate to a covered entity, there is the potential for additional liability beyond our status as a covered entity.

Covered entities must report breaches of unsecured PHI to affected individuals without unreasonable delay but not to exceed 60 days of discovery of the breach by a covered entity or its agents. Notification must also be made to the HHS and, for breaches of unsecured PHI involving more than 500 residents of a state or jurisdiction, to the media. All non-permitted uses or disclosures of unsecured PHI are presumed to be breaches unless the covered entity or business associate establishes that there is a low probability the information has been compromised. Various state laws and regulations may also require us to notify affected individuals, and U.S. state attorneys general, or other regulators or law enforcement, in the event of a data breach involving individually identifiable information without regard to whether there is a low probability of the information being compromised.

Penalties for impermissible use or disclosure of PHI were increased by the HITECH Act by imposing tiered penalties of more than \$50,000 per violation and up to \$1.5 million per year for identical violations. In addition, HIPAA provides for criminal penalties of up to \$250,000 and ten years in prison, with the severest penalties for obtaining and disclosing PHI with the intent to sell, transfer or use such information for commercial advantage, personal gain or malicious harm. Further, state attorneys general may bring civil actions seeking either injunction or damages in response to violations of the HIPAA privacy and security regulations that threaten the privacy of state residents.

In addition to the protection of PHI, healthcare companies must meet privacy and security requirements applicable to other categories of personal information. Companies may process consumer information in conjunction with website and corporate operations. They may also handle employee information, including Social Security Numbers, payroll information, and other categories of sensitive information, to further their employment practices. In processing this additional information, companies must comply with the applicable privacy and security requirements of comprehensive privacy and data protection laws, consumer protection laws, labor and employment laws, and its publicly-available notices.

Data protection laws and regulations are evolving globally, and may continue to add additional compliance costs and legal risks to our international operations. In the European Union, the General Data Protection Regulation (EU GDPR) imposes a comprehensive data protection regime with the potential for regulatory fines as well as data breach litigation by impacted data subjects. Under the EU GDPR, regulatory penalties may be passed by data protection authorities for up to the greater of 4% of worldwide turnover or €20 million. The United Kingdom has implemented similar legislation (UK GDPR) that may carry similar compliance and operational costs as the EU GDPR, and non-compliance with which carries potential fines of up to the greater of £17.5 million or 4% of global turnover. The costs of compliance with, and other burdens imposed by, the EU GDPR, UK GDPR and other new laws, regulations and policies implementing the EU GDPR and UK GDPR may impact our European and United Kingdom operations and may limit the ways in which we can provide services or use personal data collected while providing services.

Privacy and data protection laws are also evolving nationally, providing for enhanced state privacy rights that are broader than the current federal privacy rights, and may add additional compliance costs and legal risks to our U.S. operations. For example, the California Consumer Protection Act (CCPA), which became effective January 1, 2020, requires certain companies doing business in California to enhance privacy disclosures regarding the collection, use and sharing of a consumer's personal data. The CCPA also permits the imposition of civil penalties, grants enforcement authority to the state Attorney General and provides a private right of action for consumers where certain personal information is breached due to unreasonable information security practices. Additionally, the California Privacy Rights Act (CPRA), which took effect on January 1, 2023, significantly expands the data protection obligations imposed by the CCPA on companies doing business in California, including additional consumer rights processes, limitations on data uses, and opt outs for certain uses of sensitive data. California also has a new data protection agency, the California Privacy Protection Agency, which is in the process of promulgating regulations under the CPRA amendments to the CCPA and will have concurrent enforcement powers with the California Department of Justice. Under CPRA amendments, certain businesses with higher risk privacy and security practices are required to submit annual audits to the agency on a regular basis. In addition to California, other states have passed similar privacy laws that will come into effect in 2023. These state data protection laws will likely result in broader increased regulatory scrutiny in applicable states of businesses' privacy and security practices, could lead to a further rise in data protection litigation, and will require additional compliance investment and potential business process changes.

In addition to the breach reporting requirements under HIPAA, companies are subject to state breach notification laws. Each state enforces a law requiring companies to provide notice of a breach of certain categories of sensitive personal information, e.g. Social Security Number, financial account information, or username and password. A company impacted by a breach must notify affected individuals, attorney's general or other agencies within a certain time frame. If a company does not provide timely notice with the required content, it may be subject to civil penalties brought by attorney's generals or affected individuals.

Companies must also safeguard personal information in accordance with federal and state data security laws and requirements. These requirements are akin to the HIPAA requirements to safeguard PHI, described above. The Federal Trade

Commission, for example, requires companies to implement reasonable data security measures relative to its operations and the volume and complexity of the information it processes. Also, various state data security laws require companies to safeguard data with technical security controls and underlying policies and processes. Due to the constant changes in the data security space, companies must continuously review and update data security practices to seek to mitigate any potential operational or legal liabilities stemming from data security risks. For additional details on the risks of compliance with applicable privacy and security laws, regulations and standards, see the discussion in Item 1A. Risk Factors under the heading "*Privacy and information security laws are complex...*"

Integrated Kidney Care and Medicare and Medicaid program reforms

The regulatory framework of the healthcare marketplace continues to evolve as a result of executive, legislative, regulatory and administrative developments and judicial proceedings. These changes shape the landscape for our current dialysis business as well as for emerging comprehensive and integrated kidney care programs. The following discussion describes certain of these changes in further detail.

CMMI Payment Models: The 2019 Executive Order directed CMS to create payment models through CMMI to evaluate the effects of creating payment incentives for the greater use of home-based dialysis and kidney transplants for those already on dialysis, improve quality of care for kidney patients and reduce expenditures. The first of these, the ESRD Treatment Choices (ETC) mandatory payment model launched in approximately 30% of dialysis clinics across the country on January 1, 2021, and CMS subsequently issued several clarifying rules through November 2022. CMS also announced the implementation of two voluntary kidney care payment models, Kidney Care First (KCF) and Comprehensive Kidney Care Contracting (CKCC), with the stated goal of helping healthcare providers reduce the cost and improve the quality of care for patients with late-stage chronic kidney disease and ESRD. CMS has stated these payment models are aimed to prevent or delay the need for dialysis and encourage kidney transplantation. Certain of these payment models, such as the First Performance Period for the Kidney Care Choices Model CKCC Options (the CKCC Model) commenced on January 1, 2022. As described above, the Company has invested substantial resources, and expects to continue to invest substantial resources in these models as part of the Company's overall plan to grow its integrated kidney care business and value-based care initiatives.

For additional details on the risks related to integrated kidney care and Medicare and Medicaid program reforms, see the discussion in Item 1A. Risk Factors under the headings "*If we are not able to successfully implement our strategy with respect to our integrated kidney care and value-based care initiatives...*;" and "*If we are unable to compete successfully...*"

Healthcare Reform, ACA and related regulations: The ACA regulatory framework of the healthcare marketplace continues to evolve as a result of executive, legislative, regulatory and administrative developments and judicial proceedings. For example, the expanded access to healthcare developed under the ACA has been both positively and negatively impacted over time by subsequent legal, regulatory and judicial action. In 2021 and 2022, the American Rescue Plan and Inflation Reduction Act of 2022 included several provisions designed to expand health coverage, including the expansion and extension of premium tax credits that assist consumers who purchase health insurance on marketplaces developed under the ACA and temporarily offering incentives to expand Medicaid coverage for states that have not yet done so. Our revenue and operating income levels are highly sensitive to the percentage of our patients with higher-paying commercial health insurance and any legislative, regulatory or other changes that decrease the accessibility and availability, including the duration, of commercial insurance is likely to have a material adverse impact on our business.

Changes to the political environment may increase the likelihood of legislative or regulatory changes that would impact us, such as changes to the healthcare regulatory landscape. Examples of such potential changes also could include, among other things, legislative developments or changes to the eligibility age for Medicare beneficiaries. Some of these or other changes could in turn impact the percentage of our patients with higher-paying commercial health insurance, impact the scope or terms of coverage under commercial health plans and/or increase our expenses, among other things. The timing of legislative or executive action related to these potential initiatives, if any, remains uncertain, particularly in light of the current economic environment, and as such, considerable uncertainty exists surrounding the continued development of the ACA and related regulations, programs and models, as well as similar healthcare reform measures and/or other potential changes at the federal and/or state level to laws, regulations and other requirements that govern our business.

21st Century Cures Act: As described above under the heading "*—Medicare Advantage revenue,*" the Cures Act broadened patient access to certain enhanced benefits offered by MA plans. This change in benefit eligibility has increased the percentage of our patients on MA plans as compared to Medicare Part B plans, though it is unclear how many eligible ESRD patients will continue to seek to enroll in MA plans for their ESRD benefits over time. In addition, the Cures Act also includes provisions related to data interoperability, information blocking and patient access. For details on the risks associated with these provisions of the Cures Act, see the risk factors in Item 1A. Risk Factors under the headings, "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*;" "*If the number or percentage of patients with higher-*

paying commercial insurance declines...;" and "Failing to effectively maintain, operate or upgrade our information systems or those of third-party service providers upon which we rely..."

Health Plan Price Transparency Rules: In addition, recent price transparency regulations require most group health plans, and health insurance issuers in the group and individual markets, to make certain pricing and patient responsibility information publicly available. On July 1, 2022, most group health plans and issuers of group or individual health insurance were required to begin publishing machine-readable files that include negotiated rates for all covered items and services with all providers and out-of-network allowed amounts. For plan years that begin on or after January 1, 2023, most group health plans, and health insurance issuers in the group and individual markets, must provide enrollees with out-of-pocket cost and underlying provider negotiated rate information in a consumer-friendly format for an initial list of 500 designated services (which do not include dialysis). A plan or issuer may choose to include more than these 500 services, and for plan years that begin on or after January 1, 2024, most group health plans, and health insurance issuers in the group and individual markets, must provide enrollees with this information for all covered items and services. Additionally, CMS released regulations associated with "surprise billing" which necessitate, among other requirements, that certain providers provide patients with information regarding patient financial accountability and costs of services in advance of care being provided. While the ultimate impact of these requirements remains uncertain, any changes by group health plans, health insurance issuers in the group and individual markets, or consumer choices resulting from these requirements could have a material adverse impact on our business, results of operations, and financial condition, and could materially harm our reputation.

In addition to the aforementioned pricing transparency rules, the government has also implemented certain additional pricing transparency requirements that apply to certain types of providers, including DaVita. Under the No Surprises Act, which went into effect January 1, 2022, certain providers, including DaVita, will be required to develop and disclose a "Good Faith Estimate" (GFE) that details the expected charges for furnishing an item or service to an uninsured or self-pay patient. The GFE must include certain specific information such as, among other things, co-provider service cost estimates, and is subject to certain format, availability and dispute resolution requirements. Similar to the aforementioned pricing transparency rules, the impact of the GFE requirements on DaVita remains uncertain at this time, in part due to ongoing rulemaking around the No Surprises Act as well as uncertainty around operational timeframes, potential penalties and patient reaction, among other things.

COVID-19 Response: The COVID-19 pandemic has had a continuing and compounding impact on our community and our business. Through the pandemic, we have continued our focus on the health, safety and well-being of our patients, teammates and physician partners. Most importantly, we have continued to focus on helping to ensure that our patients have the ability to maintain continuity of care throughout this pandemic, whether in the hospital, outpatient or home setting. To that end, we have dedicated and continue to dedicate substantial resources in response to COVID-19, including the implementation of additional protocols and initiatives to help safely maintain continuity of care for our patients and help protect our caregivers. We carefully monitor the efficacy of our response protocols and their impact on our operations and strategic priorities as the pandemic continues.

Federal and state governments have also responded to the pandemic through legislation, rule making, interpretive guidance and modifications to agency policies and procedures, designed to provide emergency economic relief measures. These governmental responses include, among other things, regulations from OSHA and CMS that impact our operations. COVID-19-related regulations have shaped our pandemic response, and have impacted our costs and operations. Certain of these increased costs relate to, among other things, personal protective equipment (PPE), fit-testing, paid time off, and surveillance testing of our teammates for COVID-19, as well as other heightened obligations with which we must comply. Compliance with COVID-19-related safety rules and regulations is enforced with sanctions and/or fines, and non-compliance also has the potential for negative publicity or reputational impact. These rules have added complexity and uncertainty to the already complex and highly regulated environment that we operate in, and the novel nature of our COVID-19 response, including, among other things, with respect to waivers of certain regulatory requirements, temporary clinical and operational changes and administration of COVID-19 vaccines, some of which are currently available under emergency use authorizations, as well as our efforts to comply with these evolving rules and regulations, may increase our exposure to legal, regulatory and clinical risks. In addition, in the event any of our temporary clinical and operational changes in response to COVID-19 become permanent, it could have an adverse impact on our business to the extent such changes result in increased costs or otherwise negatively impact our operations.

As the COVID-19 pandemic evolves, federal and state regulatory authorities continue to issue additional guidance with respect to COVID-19, and at this time we cannot predict the ultimate impact these government actions may have on our business, results of operations, financial condition and cash flows. We will continue to assess the impact of statutes, regulations and supervisory guidance related to the COVID-19 pandemic. For additional information on the risks to our business associated with COVID-19 and labor market conditions, see the risk factors in Item 1A. Risk Factors under the headings, *"Macroeconomic conditions and global events...;"* and *"Our business is labor intensive and if our labor costs continue to rise..."*

Other regulations

Our U.S. dialysis and related lab services operations are subject to various state hazardous waste and non-hazardous medical waste disposal laws. These laws do not classify as hazardous most of the waste produced from dialysis services. OSHA regulations require employers to provide workers who are occupationally subject to blood or other potentially infectious materials with prescribed protections. These regulatory requirements apply to all healthcare facilities, including dialysis centers, and require employers to make a determination as to which employees may be exposed to blood or other potentially infectious materials and to have in effect a written exposure control plan. In addition, employers are required to provide or employ hepatitis B vaccinations, personal protective equipment and other safety devices, infection control training, post-exposure evaluation and follow-up, waste disposal techniques and procedures and work practice controls. Employers are also required to comply with various record-keeping requirements.

In addition, a few states in which we do business have certificate of need programs regulating the establishment or expansion of healthcare facilities, including dialysis centers.

State initiatives

There have been several state-based policy proposals to limit payments to dialysis providers or impose other burdensome operational requirements, which, if passed, could have a material adverse impact on our business, results of operation, financial condition and cash flows. For instance, in 2022, voters in California considered a statewide ballot initiative proposed by the Service Employees International Union - United Healthcare Workers West (SEIU) that sought to impose certain regulatory requirements on dialysis clinics, including requirements related to physician staffing levels, clinical reporting, clinical treatment options and limitations on the ability to make decisions on closing or reducing services for dialysis clinics. While voters rejected this most recent ballot initiative in 2022, we incurred substantial costs to oppose it. We may continue to face ballot initiatives or other proposed regulations or legislation in California or other states in future years, which may require us to incur further substantial costs and which, if passed, could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Evolving proposed or issued laws, requirements, rules and guidance that impact our business, including without limitation as may be described above, and any failure on our part to adequately adjust to any resulting marketplace developments could have a material adverse effect on our business, results of operations, financial condition and cash flows. For additional discussion on the risks associated with the evolving payment and regulatory landscape for kidney care, see the discussion in Item 1A. Risk Factors, including the discussion under the heading, *"Our business is subject to a complex set of governmental laws, regulations and other requirements..."*

Corporate compliance program

Management has designed and implemented a corporate compliance program as part of our commitment to comply fully with applicable criminal, civil and administrative laws and regulations and to maintain the high standards of conduct we expect from all of our teammates. We continuously review this program and work to enhance it as appropriate. The primary purposes of the program include:

- Assessing and identifying health care regulatory risks for existing and new businesses;
- Training and educating our teammates and affiliated professionals to promote awareness of legal and regulatory requirements, a culture of compliance, and the necessity of complying with all applicable laws, regulations and requirements;
- Developing and implementing compliance policies and procedures and creating controls to support compliance with applicable laws, regulations and requirements and our policies and procedures;
- Auditing and monitoring the activities of our operating units and business support functions to identify and mitigate risks and potential instances of noncompliance in a timely manner; and
- Ensuring that we promptly take steps to resolve any instances of noncompliance and address areas of weakness or potential noncompliance.

We have a code of conduct that each of our teammates, members of our Board of Directors, affiliated professionals and certain third parties must follow, and we have an anonymous compliance hotline for teammates and patients to report potential instances of noncompliance that is managed by a third party. Our Chief Compliance Officer administers the compliance program. The Chief Compliance Officer reports directly to our Chief Executive Officer (CEO) and the Chair of the Compliance and Quality Committee of our Board of Directors (Board).

Any future penalties, sanctions or other consequences could be more severe in certain circumstances if the OIG or a similar regulatory authority determines that we knowingly or repeatedly failed to comply with applicable laws, regulations or requirements, including substantial penalties and exclusion from participation in federal healthcare programs that could have a material adverse effect on our business, results of operations, financial condition and cash flows, reputation and stock price.

Competition

The U.S. dialysis industry remains highly competitive, with many new entrants aggressively entering the kidney healthcare business space. In our U.S. dialysis business, we continue to face intense competition from large and medium-sized providers, among others, which compete directly with us for limited acquisition targets, for individual patients who may choose to dialyze with us and to engage physicians qualified to provide required medical director services. In addition to these large and medium sized dialysis providers with substantial financial resources and other established participants in the dialysis space, we also compete with new dialysis providers, individual nephrologists, former medical directors or physicians that have opened their own dialysis units or facilities. Moreover, as we continue our international dialysis expansion into various international markets, we face competition from large and medium-sized providers, among others, for acquisition targets as well as physician relationships. We also experience competitive pressures from other dialysis and healthcare providers in recruiting and retaining qualified skilled clinical personnel as well as in connection with negotiating contracts with commercial healthcare payors and inpatient dialysis service agreements with hospitals. Acquisitions, developing new outpatient dialysis centers, patient retention and referrals, and referral source relationships, in which such sources understand us to be the clinical and operational leaders in the market are significant components of our growth strategy and our business could be adversely affected if we are not able to continue to make dialysis acquisitions on reasonable and acceptable terms, continue to develop new outpatient dialysis centers, maintain our referral sources' trust in our capabilities or if we experience significant patient attrition or lack of new patient growth relative to our competitors.

Our largest competitor, Fresenius Medical Group (FMC), manufactures a full line of dialysis supplies and equipment in addition to owning and operating outpatient dialysis centers worldwide. This may, among other things, give FMC cost advantages over us because of its ability to manufacture its own products. Additionally, FMC has been one of our largest suppliers of dialysis products and equipment over the last several years. In 2021, we entered into and subsequently extended a new agreement with FMC to purchase a certain amount of dialysis equipment, parts and supplies from FMC which extends through December 31, 2024. The amount of purchases from FMC over the remaining term of this agreement will depend upon a number of factors, including the operating requirements of our centers, the number of centers we acquire, and growth of our existing centers.

In addition to traditional dialysis providers, there have been a number of announcements, initiatives and capital raises by non-traditional dialysis providers and others along the full continuum of kidney care from CKD to dialysis to transplant. These business entities, certain of which command considerable resources and capital, may increasingly compete with us in the integrated kidney care market as we seek to grow in that space, or they may focus their efforts on the development of more conventional dialysis competition or the commencement of other new business activities or the development of innovative technologies that could be transformative to the industry. For additional discussion on these developments and associated risks, see the risk factor in Item 1A. Risk Factors under the heading, "*If we are unable to compete successfully...*"

Insurance

We are primarily self-insured with respect to professional and general liability, workers' compensation and automobile risks, and a portion of our employment liability practice risks, through wholly-owned captive insurance companies. We are also predominantly self-insured with respect to employee medical and other health benefits. We also maintain insurance, excess coverage, or reinsurance for property and general liability, professional liability, directors' and officers' liability, workers' compensation, cybersecurity and other coverage in amounts and on terms deemed appropriate by management, based on our actual claims experience and expectations for future claims. Future claims could, however, exceed our applicable insurance coverage. Physicians practicing at our dialysis centers are required to maintain their own malpractice insurance, and our medical directors are required to maintain coverage for their individual private medical practices. Our liability policies cover our medical directors for the performance of their duties as medical directors at our outpatient dialysis centers.

Human capital management

Overview

At DaVita, we are guided by our Mission—to be the provider, partner and employer of choice—and a set of Core Values—Service Excellence, Integrity, Team, Continuous Improvement, Accountability, Fulfillment and Fun—which are reinforced at all levels of the organization. Our teammates share a common passion for equitably improving patients' lives and are the cornerstone for the health of DaVita.

We strive to be a community first and a company second, and affectionately call ourselves a Village. To be a healthy Village, we need to attract, retain and develop highly qualified and diverse teammates. To do so, we have implemented strategies that support our mission to be the employer of choice, such as:

- Designing programs and processes to cultivate a diverse talent pipeline that can allow us to hire ahead of needs;
- Providing development and professional growth opportunities; and
- Offering a robust and competitive total rewards program.

These efforts are underpinned by a foundational focus on diversity and belonging that starts at the top with our Board and executive leadership and permeates through our Village as further described below.

We believe that this intentional investment of time and resources fosters a special community of teammates that, in turn, leads to better care of our patients and the communities we serve.

As of December 31, 2022, we employed approximately 70,000 teammates, including our international teammates.

Oversight & Management

Our Board provides oversight on human capital matters, receiving regular updates from our Chief People Officer about People Services' activities, strategies and initiatives, and through the Board's annual work with our CEO on management development and succession planning. Among other things, our Board and/or its committees also receive reports related to pay equity, risks and trends related to labor and human capital management issues and general issues pertaining to our teammates. The Board, in conjunction with its committees, also oversees the Company's activities, policies and programs related to corporate environmental and social responsibility, including considering the impact of such activities, policies and programs on the Company, teammates, patients and communities, among others.

These reports and recommendations to the Board and its committees are part of our broader People Services leadership and oversight framework, which includes guidance from various stakeholders across the business and benefits from the broad participation of senior leadership.

Diversity & Belonging

Our investment in our teammates is underscored by our commitment to Diversity & Belonging (D&B). We published our first D&B Report in March 2021, which disclosed our diversity metrics and roadmap for delivering our vision of cultivating "a diverse Village where everyone belongs." Our 3,074 dialysis centers operate in communities large and small, in nearly every state in the U.S. as well as 11 other countries. Our Village's diversity is inherent in the teammates who work in our centers, the patients we care for, the physicians with whom we partner, and the communities where we serve.

To help achieve this vision, we empower all leaders and teammates to cultivate D&B in their centers and on their teams. One way we do this is by sharing tools and resources like our Belonging Teammate and Belonging Leader Guides, which encourage teammates to connect with each other to learn about individual experiences with belonging and better understand the impact of unconscious bias. In addition, in 2022, we launched certain employee resource groups to create a community for teammates from underrepresented groups. Based on our most recent internal surveys, 81% of teammates indicated that they feel a sense of belonging within the DaVita community. We also launched our third annual Week of Belonging in 2022, engaging teammates globally with activities and education designed to further create a sense of belonging.

We take a collaborative, leader-led approach to building our D&B program. Everyone from our front-line patient care technicians (PCTs) and nurses to our divisional vice presidents, our CEO and our Board has a role in implementing our strategy. It truly does take a Village to bring our vision to life.

Over the past several years, our D&B efforts have focused primarily on supporting strong representation of women and people of color in our Company and ensuring that we are creating a welcoming, open environment where all teammates, patients, physicians and care partners belong.

As of December 31, 2022, our Village in the U.S. was comprised of 78% women and 56% people of color. We are proud of the fact that in the U.S. as of December 31, 2022, 74% of our managers and 61% of our directors are women and that leaders with profit and loss responsibility are 53% women and 30% people of color. We also are proud that our Board is comprised of 30% women and 20% people of color. With respect to Board leadership positions, we are one of the few companies in the S&P 500 to have a woman serving as the Chair of the Board. We are also among the 11% of a selected group of companies in the Fortune 500 and S&P 500 to have a person of color serve as our CEO. We publish our demographic data in our EEO-1 Report,

which is included in our Sustainability Accounting Standards Board (SASB) Report. As of December 31, 2022, we are meeting or exceeding 79% of EEO-1 benchmarks.

Talent Pipeline and Career Development

We understand that a key component of developing strong representation of women and people of color in leadership is to have recruiting practices focused on diversity. Our practices include:

- **Diverse Sourcing:** Our recruiters are trained on how to source for diverse candidates to ensure we have a robust pipeline at all levels of the organization.
- **Diversity In Hiring:** We are committed to increasing diverse representation via our hiring practices. One way we do this is with diverse interview panels as well as diverse candidate slates to help ensure a fair and equitable process.
- **Diverse Partnerships:** We have external partnerships with organizations like Forte Foundation and Management Leadership for Tomorrow to help create equal opportunities for diverse candidates.
- **Redwoods Leadership:** We partner closely with diverse student body organizations at colleges and universities to source applicants for our Redwoods leadership development programs.

Helping teammates reach the next stage in their career and increasing their earning potential is foundational to our Employer of Choice strategy. We have a robust set of career development offerings to support teammates in reaching their professional ambitions. We have invested in an end-to-end career development pipeline that includes programs and initiatives that provide financial, education and social support to our clinical and operations personnel to help achieve their higher education and leadership goals. We are proud of our Clinical Ladders program that ties performance to career progression. This program is designed to provide our teammates with clear expectations on what's needed to progress to the next level on the ladder and provide them access to tools to do so. Since rolling out Clinical Ladders, we have celebrated more than 9,000 promotions among our nurse and patient care technician teammates. Predominately all of our teammates are clinical field/operations personnel, and we have programs in place to help guide their potential journey at DaVita. Beginning with programs like Bridge to Your Dreams that cover certification fees for PCTs to coaching and tuition programs that help guide PCTs to becoming registered nurses (RNs) to programs that help develop high potential nurses, clinical coordinators and clinic nurse managers into operational managers and ultimately to programs that prepare and coach operational managers for potential regional operations director roles, our goal is to make resources available to teammates at each step of a possible career path. We are proud of the work we have done in this area, with approximately 56% of our Facility Administrators and managers having been promoted internally, and over 1,450 teammates enrolled in the Bridge to Your Dreams program, as of December 31, 2022.

Total Rewards Program

Our total rewards philosophy and practices are designed to be competitive in the local market and reward strong team and individual performance. We believe merit-driven pay encourages teammates to do their best work, including in caring for our patients, and we strive to link pay to performance so we can continue to incentivize the provision of extraordinary care to our patients and grow our Village.

To attract, retain and grow our teammates, we have a holistic approach to total rewards that includes financial, physical and emotional support. Highlights include, among other things:

- Healthcare benefits including a menu of plan designs and health savings accounts.
- Health programs in support of the most prevalent health conditions affecting our teammates, including hypertension, diabetes prevention/maintenance, musculoskeletal issues and weight loss/management.
- Financial wellness including 401(k) match, employee stock purchase plan (ESPP), a deferred compensation plan, financial planning support and access to free banking services.
- Family support programs to our teammates and their families that include family care programs for back-up child and elder care, family planning support for fertility, adoption and surrogacy, parental support for children's educational and special needs and parental leave programs. We also offer a number of scholarships for teammates' children and grandchildren.

- Teammate Assistance Program that offers counseling sessions annually to all teammates and their household members, along with work/life resources and tools that include telephonic or face to face legal consultation and expert financial planning/consultation; each household member has access to ten free sessions per life event.
- Free access to Headspace, an application for digital meditation and mindfulness, and referrals/consultations on everyday issues such as dependent care, auto repair, pet care and home improvement.
- Vitality Points, a voluntary wellness incentive program that encourages teammates and their spouses/domestic partners to engage with their provider to manage their overall health. In addition, it allows participating teammates and spouses/domestic partners to earn credits toward their medical premium for getting a biometric screening with a primary care provider.
- Short & Long term disability for full time teammates and Life/AD&D coverage at both the basic and supplemental levels.
- DailyPay, a service that provides teammates with financial flexibility by allowing them to access earned but unpaid wages before payday.
- Our DaVita Village Network, which provides financial support to eligible teammates experiencing a specific tragedy or hardship and helps cover additional costs that local fundraising and insurance do not fully cover.

Pay Equity

At DaVita, we are committed to equal pay for equal work; meaning, teammates in the same position, performing at the same level, and in similar geographies, are paid fairly relative to one another, regardless of their gender, race or ethnicity. We believe that equitable pay is a critical component of establishing a fair work environment where all teammates are valued and feel like they belong. Fair pay is essential to our ability to attract and motivate the highly qualified, and diverse, teammates who are at the center of our current and future success.

Continued Response to COVID-19 Public Health Crisis

The COVID-19 pandemic has continued to test our ability to respond to external developments and care for not only our patients, but also our teammates in real time. We have maintained many of our initial COVID-19 practices and have adapted our guidance based on ongoing changes to regulatory requirements. As the pandemic continues into 2023, we are integrating certain COVID-19 response protocols into our standard workflows and monitoring for any change in the Public Health Emergency status. Following the surge in January 2022, we changed our capacity management process during potential surges which was a beneficial operational shift for our facilities. We also continued to include COVID-19 testing, treatments, vaccines and boosters in our teammate communications program.

Most importantly, the health, well-being and safety of our teammates, physician partners and their families remains a top priority throughout this ongoing pandemic. We implemented guidance early in the pandemic to help mitigate risks imposed by COVID-19 and maintain many practices, including, among other things, securing necessary supplies of PPE, restricting visitor access to our centers and implementing masking policies.

We also converted numerous leadership development programs to virtual delivery, to help ensure that our teammates across our global Village could continue to grow personally and professionally and have access to career development resources despite the ongoing pandemic. Additionally, we have been able to begin gathering in person with COVID-19 meeting guidance in place and opened up our Central Business Offices for teammates.

We believe our ability to engage with teammates and respond to these developments has helped us to better care for them. By caring for our teammates, we have been generally able to maintain continuity of care for our patients and support the broader healthcare community throughout this unprecedented public health crisis.

For additional information about certain risks associated with our human capital management and our response to the COVID-19 pandemic, see the risk factors in Item 1A. Risk Factors under the headings, "*Our business is labor intensive and if our labor costs continue to rise...*," and "*Macroeconomic conditions and global events...*"

We also encourage you to visit our website at davitacommunitycare.com for more detailed information regarding certain aspects of our human capital and ESG related programs and initiatives described herein, including our D&B Report and Community Care Report, as well as our efforts to care for our patients, our community and our world. Nothing on our website, sections thereof or documents linked thereto, shall be deemed incorporated by reference into this report.

Item 1A. Risk Factors

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws. Please read the cautionary notice regarding forward-looking statements in Item 7 of Part II of this Annual Report on Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." These forward-looking statements involve risks and uncertainties, including those discussed below, which could have a material adverse effect on our business, cash flows, financial condition, results of operations and/or reputation. The risks and uncertainties discussed below are not the only ones facing our business. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also have a material adverse effect on our business, cash flows, financial condition, results of operations and/or reputation.

Summary Risk Factors

The following is a summary of the principal risks and uncertainties that could adversely affect our business, cash flows, financial condition and/or results of operations, and these adverse impacts may be material. This summary is qualified in its entirety by reference to the more detailed descriptions of the risks and uncertainties included in this Item 1A. below and you should read this summary together with those more detailed descriptions.

These principal risk and uncertainties relate to, among other things:

Risks Related to the Operation of our Business

- [macroeconomic conditions and global events;](#)
- [the complex set of governmental laws, regulations and other requirements that impact us, including potential changes thereto;](#)
- [the various lawsuits, demands, claims, qui tam suits, governmental investigations and audits and other legal matters that we may be subject to from time to time;](#)
- [the number or percentage of patients with higher-paying commercial insurance, the average rates that commercial payors pay us, any restrictions in plan designs or other contractual terms, including, without limitation, the scope and duration of coverage and in-network benefits;](#)
- [our ability to successfully implement our strategy with respect to integrated kidney care, value-based care and home-based dialysis;](#)
- [changes in the structure of and payment rates under government-based programs;](#)
- [increases in labor costs, including, without limitation, due to shortages, changes in certification requirements and/or higher than normal turnover rates in skilled clinical personnel; currently pending or future governmental laws, rules, regulations or initiatives; our ability to attract and retain key leadership talent or employees; or union organizing activities or other legislative or other changes;](#)
- [our ability to comply with complex privacy and information security laws that impact us and/or our ability to properly maintain the integrity of our data, protect our proprietary rights to our systems or defend against cybersecurity attacks;](#)
- [our ability to establish and maintain supply relationships that meet our needs at cost-effective prices or at prices that allow for adequate reimbursement as applicable, our ability to access new technology or superior products in a cost-effective manner and our increasing reliance on third party service providers;](#)
- [changes in clinical practices, payment rates or regulations impacting pharmaceuticals and/or devices;](#)
- [our ability to compete successfully, including, without limitation, implementing our growth strategy and/or retaining patients and physicians willing to serve as medical directors;](#)
- [our U.S. integrated kidney care, ancillary services and our international operations and our ability to expand within markets or to new markets, or invest in new products or services;](#)
- [political, economic, legal, operational and other risks as we expand our operations and offer our services in markets outside of the U.S., and utilizing third-party suppliers and service providers operating outside of the U.S.;](#)

- [our ability to effectively maintain, operate or upgrade our information systems or those of third-party service providers upon which we rely, including, without limitation, our clinical, billing and collections systems, and our ability to adhere to federal and state data sharing and access requirements and regulations;](#)
- [our acquisitions, mergers, joint ventures, noncontrolling interest investments or dispositions;](#)
- [our aspirations, goals and disclosures related to environmental, social and governance \(ESG\) matters;](#)
- [our ability to appropriately estimate the amount of dialysis revenues and related refund liabilities;](#)

General Risks

- [our current or future level of indebtedness, including, without limitation, our ability to generate cash to service our indebtedness and for other intended purposes and our ability to maintain compliance with debt covenants;](#)
- [changes in tax laws, regulations and interpretations or challenges to our tax positions;](#)
- [the effects of natural or other disasters, political instability, public health crises or adverse weather events such as hurricanes, earthquakes, fires or flooding;](#)
- [liability claims for damages and other expenses that are not covered by insurance or exceed our existing insurance coverage;](#)
- [our ability to successfully maintain an effective internal control over financial reporting;](#) and
- [provisions in our organizational documents, our compensation programs and policies and certain requirements under Delaware law that may deter changes of control or make it more difficult for our stockholders to change the composition of our Board of Directors and take other corporate actions that our stockholders would otherwise determine to be in their best interests.](#)

Risks Related to the Operation of our Business

Macroeconomic conditions and global events have impacted and will continue to impact our business and cost structure in a variety of ways, and there can be no assurance that we will be able to successfully execute cost savings initiatives in a manner that will offset the impact of these challenging conditions, which could result in a material adverse impact on us.

We continue to be impacted by general conditions in the global economy and marketplace, many of which are interrelated. These conditions relate to, among other things, the COVID-19 pandemic, inflation, rising interest rates, challenging labor market conditions and supply chain challenges. Certain of these impacts could be further intensified by concurrent global events such as the ongoing conflict between Russia and Ukraine, which has continued to drive sociopolitical and economic uncertainty and volatility in Europe and across the globe. The ultimate impact of these and other conditions on our business over time depends on future developments that are highly uncertain and difficult to predict. With respect to COVID-19, these future developments include, among other things, the ultimate severity and duration of the pandemic; the evolution of new strains or variants of the virus that may present varying levels of infectivity or virulence; COVID-19's impact on the chronic kidney disease (CKD) patient population and our patient population, including on the mortality of these patients; the availability, acceptance, impact and efficacy of COVID-19 vaccines, treatments and therapies; the pandemic's continuing impact on our revenue and non-acquired growth due to lower treatment volumes; the potential negative impact on our commercial mix or the number of patients covered by commercial insurance plans; continued increased COVID-related costs; supply chain challenges and disruptions, including with respect to our clinical supplies; the responses of our competitors to the pandemic and related changes in the marketplace; the timing, scope and effectiveness of federal, state and local government responses; and any potential changes to the extensive set of federal, state and local laws, regulations and requirements that govern our business. COVID-19 has also intensified certain conditions and developments in the U.S. and global economies, labor market conditions, inflation and monetary policies that continue to impact our business as further described below.

We have experienced and expect to continue to experience a negative impact on revenue and non-acquired growth from COVID-19 due to lower treatment volumes, including from the negative impact of COVID-19 on the mortality rates of our patients, which has in turn impacted our patient census, as well as the direct and indirect impact of COVID-19 on our missed treatment rate and new admissions. We expect that the impact of COVID-19 is likely to continue to negatively impact our revenue and non-acquired growth for a period of time even as the pandemic subsides due to the compounding impact of mortalities, among other things. Because ESKD patients may be older and generally have comorbidities, several of which are risk factors for COVID-19, we believe the mortality rate of infected patients has been higher in the dialysis population than in

the general population. Over the longer term, we believe that changes in mortality in both the ESKD and CKD populations due to COVID-19 will continue to depend primarily on the infection rate, case fatality rate, the age and health status of affected patients, and access to and continued efficacy of vaccinations or other treatments or therapies, particularly as it relates to variants of the virus, as well as willingness to be vaccinated. New admission rates, future revenues and non-acquired growth could also continue to be negatively impacted over time to the extent that the CKD population experiences elevated mortality levels due to the pandemic. There remains significant uncertainty as to the ultimate impact of COVID-19 on our treatment volumes, in part due to, among other things, the indeterminate severity and duration of the pandemic and the complexity of factors that may drive new admissions and missed treatment rates over time. Depending on the ultimate severity and duration of the pandemic, the magnitude of these cumulative impacts could have a material adverse impact on our results of operations, financial condition and cash flows. For further information on our growth strategy and the rate of growth of the ESKD population, see the risk factor under the heading, "*If we are unable to compete successfully...*"

COVID-19 and other global conditions have also increased, and will continue to increase, our expenses, including, among others, staffing and labor costs. Our business is labor intensive and our financial and operating results have been and continue to be sensitive to variations in labor-related costs and productivity. We have historically faced and expect to continue to face difficulties in hiring and retaining caregivers due in part to a nationwide shortage of clinical personnel. These challenges have been heightened by the increased demand for and demand upon such personnel by the ongoing pandemic and our COVID-19 response, as well as ongoing volatility and uncertainty in the labor market, particularly in healthcare. In 2022, as part of our continuing efforts in this challenging and highly competitive labor market, we incurred higher than usual wage increases, and higher incentive pay. For additional details on the substantial resources dedicated, and costs incurred in response to COVID-19, see the discussion under Part I, Item 1. Business of this Form 10-K under the heading "*COVID-19 and its impact on our business*". In addition, potential staffing shortages or disruptions, if material, could ultimately lead to the unplanned closures of certain centers or adversely impact clinical operations, and may otherwise have a material adverse impact on our ability to provide dialysis services or the cost of providing those services, among other things.

The staffing and labor cost inflation described above, in addition to higher equipment and clinical supply costs, among other things, have put pressure on our existing cost structure, and we expect that some of these increased costs will continue as labor market conditions remain challenging, global supply chains continue to experience volatility and disruptions and as inflationary pressures continue. Prolonged volatility, uncertainty, labor supply shortages and other challenging labor market conditions could have an adverse impact on our growth and ability to execute on our other strategic initiatives and a material adverse impact on our labor costs, among other things. Prolonged strain on global supply chains may result in equipment and clinical supply shortages, disruptions, delays or associated price increases that could impact our ability to provide dialysis services or the cost of providing those services, among other things. Moreover, to the extent that monetary policies or other factors impacting structural costs over the long term have contributed to or may in the future contribute to inflationary pressures, this may in turn continue to increase our labor and supply costs at a rate that outpaces the Medicare or any other rate increases we may receive. In our value-based care and other programs where we assume financial accountability for total patient cost, an increase in COVID-19 rates among patients could have an impact on total cost of care. This increase may in turn impact the profitability of those programs relative to their respective funding.

We continue to implement cost savings opportunities to help mitigate these cost and volume pressures. These include, among other things, anticipated cost savings related to general and administrative cost efficiencies, such as ongoing initiatives that increase our use of third party service providers to perform certain activities, including financial reporting and information technology functions, initiatives relating to clinic optimization, initiatives for capacity utilization improvement, and procurement opportunities, such as our transition to a new erythropoiesis stimulating agent (ESA) contract. We have incurred, and expect to continue to incur charges in connection with the continued implementation of these initiatives, and there can be no assurance that we will be able to successfully execute these initiatives or that they will achieve expectations or succeed in helping offset the impact of these challenging conditions. Any failure on our part to adjust our business and operations in this manner, to adjust to other marketplace developments or dynamics or to appropriately implement these initiatives in accordance with applicable legal, regulatory or compliance requirements could adversely impact our ability to provide dialysis services or the cost of providing those services, among other things, and ultimately could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

Deterioration in economic conditions, whether in connection with the COVID-19 pandemic or driven by other macroeconomic conditions or global events, including the aforementioned inflationary and labor market pressures, volatility and uncertainty, as well as rising interest rates, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Among other things, the potential decline in federal and state tax revenues that may result from a deterioration in economic conditions may create additional pressures to contain or reduce reimbursements for our services from Medicare, Medicaid and other government sponsored programs. Increases in job losses in the U.S. as a result of adverse economic conditions, including economic deterioration, could ultimately result in a smaller percentage of our patients being covered by an employer group health plan and a larger percentage being covered by lower-paying government insurance

programs or being uninsured. In the event a material reduction occurs in the share of our patients covered by commercial insurance plans, it would have a material adverse impact on our business, results of operations, financial condition and cash flows. The extent of these effects will depend upon, among other things, the extent and duration of any increased unemployment levels for our patient population, any economic deterioration or potential recession; the timing and scope of federal, state and local governmental responses to the ongoing pandemic; and patients' ability to retain existing insurance and their individual choices with respect to their coverage, all of which are highly uncertain and difficult to predict. In a declining economy, employers may also select more restrictive commercial plans with lower reimbursement rates. To the extent that payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a slowdown in collections and a reduction in the amounts we expect to collect. For additional information on risks regarding the potential impact of decreases to the percentage or number of our patients with commercial insurance, see the risk factor under the heading "*If the number or percentage of patients with higher-paying commercial insurance declines...*"

If general economic conditions deteriorate further or remain uncertain for an extended period of time, we may incur future charges to recognize impairment in the carrying amount of our goodwill and other intangible assets. We may experience an increased need for additional liquidity funded by accessing existing credit facilities, raising new debt in the capital markets, or other sources, and we may seek to refinance existing debt, which may be more difficult or costly in an uncertain or declining economic environment. For additional information regarding the risks related to our indebtedness, see the discussion in the risk factor under the heading "*The level of our current and future debt...*" Furthermore, any extended billing or collection cycles, or deterioration in collectability of accounts receivable, will adversely impact our results of operations and cash flows.

Should our revenues and financial results be materially, unfavorably impacted due to, among other things, a worsening of the economic and labor market conditions in the United States that negatively impacts reimbursement rates or the availability of insurance coverage for our patients, we may incur future charges to recognize impairment in the carrying amount of our goodwill and other intangible assets, which could have a material adverse effect on our business, results of operations and financial condition. As of December 31, 2022, we had approximately \$7 billion of goodwill recorded on our consolidated balance sheet. We account for impairments of goodwill in accordance with the provisions of applicable accounting guidance, and record impairment charges when and to the extent a reporting unit's carrying amount is determined to exceed its estimated fair value. We use a variety of factors to assess changes in the financial condition, future prospects and other circumstances concerning our businesses and to estimate their fair value when applicable. These assessments and the related valuations can involve significant uncertainties and require significant judgment on various matters.

Any or all of these economic conditions or developments, as well as other consequences of these conditions or developments, none of which we can reasonably predict, could have a material adverse effect on our patients, teammates, physician partners, suppliers, business, results of operations, financial condition and/or cash flows or materially harm our reputation. In addition, these conditions or developments each may heighten many of the other risks and uncertainties discussed herein.

Our business is subject to a complex set of governmental laws, regulations and other requirements and any failure to adhere to those requirements, or any changes in those requirements, could have a material adverse effect on our business, results of operations, financial condition and cash flows, could materially harm our stock price, and in some circumstances, could materially harm our reputation.

We operate in a complex regulatory environment with an extensive and evolving set of federal, state and local governmental laws, regulations and other requirements that apply to us. These laws, regulations and other requirements are promulgated and overseen by a number of different legislative, regulatory, administrative, and quasi-regulatory bodies, each of which may have varying interpretations, judgments or related guidance. As such, we utilize considerable resources on an ongoing basis to monitor, assess and respond to applicable legislative, regulatory and administrative requirements, but there is no guarantee that we will be successful in our efforts to adhere to all of these requirements. Laws, regulations and other requirements that apply to or impact our business include, but are not limited to:

- Medicare and Medicaid reimbursement statutes, and other federal reimbursement statutes, rules and regulations (including, but not limited to, manual provisions, local coverage determinations, national coverage determinations, payment schedules and agency guidance);
- Medicare and Medicaid provider requirements, including, but not limited to, requirements associated with providing and updating certain information about the Medicare or Medicaid entity, as applicable, and its direct and indirect affiliates;
- Section 1115A of the Social Security Act, which, among other things, authorizes the Center for Medicare and Medicaid Innovation (CMMI) to test certain innovation models;

- Fraud waste and abuse laws;
- the 21st Century Cures Act (the Cures Act);
- Federal Acquisition Regulations;
- the Foreign Corrupt Practices Act (FCPA) and similar laws and regulations;
- antitrust and competition laws and regulations;
- laws and regulations related to the corporate practice of medicine;
- laws and regulations regarding the collection, use and disclosure of patient health information (e.g., Health Insurance Portability and Accountability Act of 1996 (HIPAA));
- the No Surprises Act;
- laws and regulations regarding the storage, handling, shipment, disposal and/or dispensing of pharmaceuticals and blood products and other biological materials; and
- individualized state laws and regulations associated with the operation of our business.

If any of our personnel, representatives, third party vendors, or operations are alleged to have violated these or other laws, regulations or requirements, we could experience material harm to our reputation and stock price, and it could impact our relationships and/or contracts related to our business, among other things. If any of our personnel, representatives, third party vendors or operations are found to violate these or other laws, regulations or requirements, we could suffer additional severe consequences that could have a material adverse effect on our business, results of operations, financial condition and cash flows, including, among others:

- Loss of required certifications or suspension or exclusion from or termination of our participation in government programs (including, without limitation, Medicare, Medicaid and CMMI demonstration programs);
- Refunds of amounts received in violation of law or applicable payment program requirements dating back to the applicable statute of limitation periods;
- Loss of licenses required to operate healthcare facilities or administer pharmaceuticals in the states in which we operate;
- Reductions in payment rates or coverage for dialysis and ancillary services and pharmaceuticals;
- Criminal or civil liability, fines, damages or monetary penalties;
- Imposition of corporate integrity agreements, corrective action plans or consent agreements;
- Enforcement actions, investigations, or audits by governmental agencies and/or state law claims for monetary damages by patients who believe their protected health information (PHI) has been used, disclosed or not properly safeguarded in violation of federal or state patient privacy laws, including, among others, HIPAA and the Privacy Act of 1974;
- Enforcement actions, investigations, or audits by government agencies related to interoperability and related data sharing and access requirements and regulations;
- Mandated changes to our practices or procedures that significantly increase operating expenses that could subject us to ongoing audits and reporting requirements as well as increased scrutiny of our billing and business practices which could lead to potential fines, among other things;
- Termination of various relationships and/or contracts related to our business, such as joint venture arrangements, medical director agreements, hospital services and skilled nursing home agreements, real estate leases, value-based care arrangements, clinical incentive programs, payor contracts and consulting or participating provider agreements with physicians, among others; and
- Harm to our reputation, which could negatively impact our business relationships and stock price, our ability to attract and retain patients, physicians and teammates, our ability to obtain financing and our access to new business opportunities, among other things.

Any future penalties, sanctions or other consequences could be more severe in certain circumstances if the OIG or a similar regulatory authority determines that we knowingly or repeatedly failed to comply with laws, regulations or requirements that apply to our business. Additionally, the healthcare sector, including the dialysis industry, is regularly subject to negative publicity, including as a result of governmental investigations, adverse media coverage and political debate surrounding the U.S. healthcare system, among other things. Negative publicity, regardless of merit, regarding the dialysis industry generally, the U.S. healthcare system or DaVita in particular may adversely affect us.

See Note 16 to the consolidated financial statements included in this report for further details regarding certain pending legal proceedings and regulatory matters to which we are or may be subject from time to time, any of which may include allegations of violations of applicable laws, regulations and requirements.

The complex and highly regulated environment that we operate in, the novel nature of our COVID-19 response and rulemaking responses to COVID-19 by certain state and federal agencies, including without limitation OSHA and CMS, may increase our exposure to legal, regulatory compliance and clinical risks. Compliance with COVID-19-related safety rules and regulations is enforced with sanctions and/or fines, and non-compliance also has the potential for negative publicity or reputational impact. In addition, our novel response to the pandemic included implementing certain restrictive operational protocols for an extended period of time. Maintaining these restrictive operational protocols may also have adversely impacted our strategic initiatives, such as our strategy to continue to build our abilities to offer home dialysis options and expanding our integrated care capabilities. Moreover, the expected expiration of the federal government's national emergency and public health emergency declarations in May 2023 may impact the coverage for certain services for Medicare and Medicaid patients and will end waivers for the provision of certain services, and returning our services to a pre-pandemic regulatory state similarly may increase our exposure to legal, regulatory, compliance and clinical risks. If we experience a failure of the fitness of our clinical laboratory, dialysis centers and related operations and/or other facilities as a result of operational changes implemented in connection with the COVID-19 pandemic or for any other reason, or if another event or occurrence adversely impacts the safety of our caregivers or patients (or is alleged to have done so), we could face adverse consequences, including without limitation, material negative impact on our brand, increased litigation, compliance or regulatory investigations, teammate unrest, work stoppages or other workforce disruptions. Any governmental investigations or legal actions brought by patients, teammates, caregivers or others relating to the safety of our caregivers or patients, or alleged exposure to COVID-19 at our facilities or by our caregivers, may involve significant demands and require substantial legal defense costs, which may not be adequately covered by our professional and general liability insurance, and may materially harm our reputation.

Changes in federal and state healthcare legislation or regulations could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Each of the laws, regulations and other requirements that govern our business may continue to change over time, and there is no assurance that we will be able to accurately predict the nature, timing or extent of such changes or the impact of such changes on the markets in which we conduct business or on the other participants that operate in those markets.

Among other things, the regulatory framework of the healthcare marketplace continues to evolve as a result of executive, legislative, regulatory and administrative developments and judicial proceedings. These changes shape the landscape for our current dialysis and ancillary businesses as well as for emerging comprehensive and integrated kidney care markets. For example, as further described below, we have made substantial investments in and dedicated resources to our integrated care business, value-based care initiatives and home-based dialysis business to address recent regulatory developments that include innovative payment models, and there are risks to those investments, or additional investments may be required, in the event the regulatory environment changes and we do not adequately adapt to such changes.

In addition, access to healthcare has been both positively and negatively impacted over time by legal, regulatory and judicial action and changes to the political environment may increase the likelihood of regulatory or legislative changes that would impact us. If access to healthcare is significantly altered or if other reforms limiting access to healthcare are enacted in the future, such changes could impact our business in a number of ways, some of which may be material. Considerable uncertainty exists surrounding the continued development of the healthcare regulatory environment including pilot programs and models, as well as similar healthcare reform measures and/or other changes to laws, regulations and other requirements at the federal and/or state level that govern our business.

Changes to the continuously evolving healthcare regulatory landscape may also have the potential to generate opportunities with relative ease of entry for certain smaller and/or non-traditional providers and we may be competing with them for patients in an asymmetrical environment with respect to data and/or regulatory requirements given our status as an ESRD service provider. For example, CMS may consider opening for comment its established Medicare ESRD conditions for coverage. In the event that this process results in reductions or other changes in minimum health and safety standards for the provision of dialysis services, it may change the marketplace in which we operate. If we are unable to successfully adapt to

these marketplace developments in a timely and compliant manner, we may experience a material adverse reduction in our overall number of patients, among other things. For additional detail on our evolving competitive environment, see the risk factor under the heading *"If we are unable to compete successfully..."* Broader changes to the regulatory landscape may also impact our business. For example, in January 2023, the Federal Trade Commission proposed a new rule that would generally prohibit employers from using noncompete clauses in contracts with workers that extend beyond the termination of the employment or independent contractor relationship. While the rule remains open for comment and the final rule has not been issued, we are monitoring these developments for any potential impact on our agreements with teammates, our arrangements with medical directors, joint venture operating agreements, or the terms of any of our existing agreements with physicians should the proposed rule be finalized and implemented.

Although we cannot predict the short- or long-term effects of legislative or regulatory changes, future market changes could result in, among other things, more restrictive commercial plans with lower reimbursement rates or higher deductibles and co-payments that patients may not be able to pay. Because our revenue and operating income levels are highly sensitive to the percentage and number of our patients with higher-paying commercial health insurance, any legislative, regulatory or other changes that decrease the accessibility and availability, including the duration, of commercial insurance is likely to have a material adverse impact on our business. For additional information on the impact of economic conditions or legislative or regulatory changes on the coverage and rates for our services and the percentage or number of our patients with commercial insurance, see the risk factor under the heading *"If the number or percentage of patients with higher-paying commercial insurance declines..."*

There have also been several state initiatives to limit payments to dialysis providers or impose other burdensome operational requirements, which, if passed, could have a material adverse impact on our business, results of operation, financial condition and cash flow. For instance, in 2022, voters in California considered a statewide ballot initiative proposed by the Service Employees International Union - United Healthcare Workers West (SEIU-UHW) that sought to impose certain regulatory requirements on dialysis clinics, including requirements related to physician staffing levels, clinical reporting, clinical treatment options and limitations on the ability to make decisions on closing or reducing services for dialysis clinics. While voters rejected this most recent ballot initiative in 2022, we incurred substantial costs to oppose it. We may face ballot initiatives or other proposed regulations or legislation in California or other states in future years, which may require us to incur further substantial costs and which, if passed, could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Finally, there have also been rule making and legislative efforts at both the federal and state level regarding the use of charitable premium assistance for ESRD patients that may establish new conditions for coverage standards for dialysis facilities. For example, on October 13, 2019, a California bill (AB 290) was signed into law that limits the amount of reimbursement paid to certain providers for services provided to patients with commercial insurance who receive charitable premium assistance. The American Kidney Fund (AKF), an organization that provides charitable premium assistance, announced that it would be withdrawing from California as a result of AB 290. The implementation of AB 290 has been stayed pending resolution of legal challenges, but in the event AB 290 becomes effective and the AKF withdraws from California, it may cause other organizations that provide charitable premium assistance to withdraw from California, and we would expect an adverse impact on the ability of patients to afford Medicare premiums and Medicare supplemental and commercial coverage. We expect that such an adverse impact will in turn adversely impact our business, results of operations, financial condition and cash flows. In the past, bills similar to AB 290 have been introduced in other states, but none has become law. If these or similar bills are introduced and implemented in other jurisdictions, and organizations that provide charitable premium assistance in those jurisdictions are similarly impacted, it could in the aggregate have a material adverse impact on our business, results of operations, financial condition and cash flows. For additional information on risks associated with charitable premium assistance for ESRD patients and the potential impact of decreases to the percentage or number of our patients with commercial insurance, see the risk factor under the heading *"If the number or percentage of patients with higher-paying commercial insurance declines..."*

Among other things, legislation, regulations, regulatory guidance, ballot initiatives and any similar initiatives could result in a reduction in the percentage of our patients with commercial insurance; limit the scope or nature of coverage through the exchanges or other health insurance programs or otherwise reduce reimbursement rates for our services from commercial and/or government payors; restrict or prohibit the ability of patients with access to alternative coverage from selecting a marketplace plan on or off exchange; limit the amount of revenue that a dialysis provider can retain for caring for patients with commercial insurance; impose burdensome operational requirements; affect payments made to providers for services provided to patients who receive charitable premium assistance and/or otherwise restrict or prohibit the use of charitable premium assistance; or reduce the standards for network adequacy or require disclosure of certain pricing and patient responsibility information. In turn, these potential impacts could cause us to incur substantial costs to oppose any such proposed requirements or measures, impact our dialysis center development plans, and if passed and/or implemented, could materially reduce our revenues and increase our operating and other costs, adversely impact dialysis centers across the U.S. making certain centers economically

unviable, lead to the closure of certain centers, restrict the ability of dialysis patients to obtain and maintain optimal insurance coverage and reduce the number of patients that select commercial insurance plans or MA plans for their dialysis care, among other things. The healthcare legislative and regulatory environment is dynamic and evolving, and any such proposed or issued laws, requirements, rules and guidance could impact our business, including as may be described above, and any failure on our part to adequately adjust to any resulting marketplace developments or regulatory compliance requirements, may, among other things, erode our patient base or reimbursement rates and could otherwise have a material adverse effect on our business, results of operations, financial condition and cash flows.

To the extent that the information above describes statutory and regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions that are referenced. For additional information related to the laws, rules and other regulations described above, please see Part I, Item 1. Business of this Form 10-K under the heading "*Government Regulation*."

We are, and may in the future be, a party to various lawsuits, demands, claims, *qui tam* suits, governmental investigations and audits and other legal matters, any of which could result in, among other things, substantial financial penalties or awards against us, mandated refunds, substantial payments made by us, required changes to our business practices, exclusion from future participation in Medicare, Medicaid and other healthcare programs and possible criminal penalties, any of which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price.

We are, and may in the future be, subject to investigations and audits by governmental agencies and/or private civil *qui tam* complaints filed by relators and other lawsuits, demands, claims, legal proceedings and/or other actions, including, without limitation, investigations or other actions resulting from our obligation to self-report certain suspected violations of law. Any allegations against us, our personnel or our representatives in such matters may among other things harm our reputation, stock price, and our various business relationships and/or contracts related to our business, and these impacts may be material.

Responding to subpoenas, investigations and other lawsuits, claims and legal proceedings, as well as defending ourselves in such matters, will continue to require management's attention and cause us to incur significant legal expense. Negative developments, findings or terms and conditions that we might agree to accept as part of a negotiated resolution of pending or future legal or regulatory matters could result in, among other things, harm to our reputation, substantial financial penalties or awards against us, substantial payments made by us, required changes to our business practices, impacts on our various relationships and/or contracts related to our business, exclusion from future participation in Medicare, Medicaid and other healthcare programs and, in certain cases, criminal penalties, any of which could have a material adverse effect on us. It is possible that criminal proceedings may be initiated against us and/or individuals in our business in connection with governmental investigations. Other than as may be described in Note 16 to the consolidated financial statements included in this report, we cannot predict the ultimate outcomes of the various legal proceedings and regulatory matters to which we are or may be subject from time to time, or the timing of their resolution or the ultimate losses or impact of developments in those matters, which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price. See Note 16 to the consolidated financial statements included in this report for further details regarding these and other legal proceedings and regulatory matters.

If the number or percentage of patients with higher-paying commercial insurance declines, if the average rates that commercial payors pay us decline, if commercial plans subject patients to restriction in plan designs, or if we are unable to maintain contracts with payors with competitive terms, including, without limitation, reimbursement rates, scope and duration of coverage and in-network benefits, it could have a material adverse effect on our business, results of operations, financial condition and cash flows.

A substantial portion of our U.S. dialysis net patient services revenues for the year ended December 31, 2022 was generated from patients who have commercial payors as their primary payor. The majority of these patients have insurance policies that pay us on terms and at rates that are generally significantly higher than Medicare rates. As such our revenue and net income levels are sensitive to the number of our patients with higher-paying commercial insurance coverage and the percentage of our patients under higher-paying commercial plans relative to government-based programs. The payments we receive from commercial payors generate nearly all of our profit and all of our nonacute dialysis profits come from commercial payors.

When traditional or original Medicare (Medicare) becomes the primary payor for a patient, the payment rate we receive for that patient decreases from the employer group health plan or commercial plan rate to the lower Medicare payment rate. If the number of our patients who have Medicare or another government-based program as their primary payor increases, it could negatively impact the percentage of our patients covered under commercial insurance plans. There are a number of factors that could drive a decline in the number or percentage of our patients covered under commercial insurance plans, including, among

others, a continued decline in the rate of growth of the ESRD patient population, improved mortality, changes in the patient's or a family member's employment status, reduced availability of commercial health plans or reduced coverage by such plans through the ACA exchanges or otherwise due to changes to the laws, marketplace, healthcare regulatory system or otherwise. Commercial payors could also cease paying in the primary position after providing 30 months of coverage resulting in potentially material reductions in payment as the patient moves to Medicare primary. Declining macroeconomic conditions could also negatively impact the percentage of our patients covered under commercial insurance plans. To the extent there are job losses in the U.S., we could experience a decrease in the number of patients covered under commercial plans and/or an increase in uninsured and underinsured patients independent of whether general economic conditions improve. If we experience higher numbers of uninsured or underinsured patients, it also would result in an increase in uncollectible accounts.

Our arrangements and negotiations with payors also impact the number or percentage of patients with higher-paying commercial insurance. We continuously are in the process of negotiating existing and potential new agreements with commercial payors who aggressively negotiate terms with us, and we can make no assurances about the ultimate results of these negotiations or the timing of any potential rate changes resulting from these negotiations. Sometimes many significant agreements are being renegotiated at the same time. We believe payor consolidations have significantly increased the negotiating leverage of commercial payors, and ongoing consolidations may continue to increase this leverage in the future. In addition, our agreements and rates with commercial payors may be impacted by new business activities of these commercial payors as well as steps that these commercial payors have taken and may continue to take to control the cost of and/or the eligibility for access to the services that we provide, including, without limitation, relative to products on and off the healthcare exchanges. These efforts could impact the number of our patients who are eligible to enroll in commercial insurance plans, and remain on the plans, including plans offered through healthcare exchanges. We continue to experience downward pressure on some of our rates with commercial payors as a result of these and other general conditions in the market, including, among other things, as employers seek to shift to less expensive options for medical services or as commercial payors dedicate increased focus on dialysis services.

Our negotiations with commercial payors may relate to commercial fee-for-service contracts, value-based care (VBC) contracts in which we share risk with commercial payors or other structures that allow the parties to share in cost savings upon the achievement of certain outcomes, as well as contracts to provide dialysis services to Medicare Advantage (MA) patients. If we fail to maintain contracts with payors and other healthcare providers with competitive or favorable terms, either with respect to commercial plans, commercial VBC contracts, MA plans or otherwise, including, without limitation, with respect to reimbursement rates, scope and duration of coverage and in-network benefits, contract term or termination rights, or if we fail to accurately estimate the price for and manage our medical costs in an effective manner, whether due to inflationary pressures or otherwise, such that the profitability of our commercial or other value-based products is negatively impacted, it could have a material adverse effect on our business, results of operations, financial condition and cash flows. The ultimate result of our negotiations with payors cannot be predicted as they occur in a highly competitive environment and are influenced by marketplace dynamics such as those previously discussed. Among other things, these negotiations may result in termination or non-renewals of existing agreements, decreases in contracted rates, and reduction in the number of our patients that are covered by commercial plans, and we may not be able to enter into new agreements on competitive terms or at all. In the event that our ongoing negotiations with commercial payors result in overall rate reductions in excess of overall rate increases, the cumulative effect could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, to the extent that these negotiations result in a reduction in the number of our patients covered by plans with commercial payors, it could have a material adverse effect on our business, results of operations, financial condition and cash flows. A material portion of both our commercial revenue and MA revenue is concentrated with a limited number of commercial payors, and any changes impacting our highest paying commercial payors or our relationships with these payors will have a disproportionate impact on us.

Certain payors have been attempting to design and implement plans that restrict access to ESRD coverage both in the commercial and individual market. Among other things, these restrictive plan designs seek to limit the duration and/or the breadth of ESRD benefits, limit the number of in-network providers, set arbitrary provider reimbursement rates, or otherwise restrict access to care, all of which may result in a decrease in the number of patients covered by commercial insurance or the reimbursement rate for ESRD services, among other things. Payors have also disputed the scope and duration of ESRD benefit coverage under their plans, and, among other things, have required patients to seek Medicare coverage for ESRD treatments. On June 21, 2022, the U.S. Supreme Court issued a decision in the matter of *Marietta Memorial Hospital Employee Health Benefit Plan, et al. v. DaVita Inc., et al.*, a case evaluating the scope of the Medicare Secondary Payor Act (MSPA), deciding that a group health plan that provides limited benefits for outpatient dialysis, but does so uniformly for all plan participants, does not violate the terms of the MSPA because the plan treats all patients uniformly, regardless of whether a participant has ESRD and regardless of whether the participant is eligible for Medicare. For additional information, see Note 16 to the consolidated financial statements included in this report. We cannot reasonably estimate the ultimate impact of the U.S. Supreme Court's decision at this time, as there is significant uncertainty as to, among other things, whether and to what extent

payors, including, among others employer group health plans, may seek to design and implement plans to restrict access to ESRD in light of the decision; whether and how regulators and legislators will respond to the decision, including whether they will issue regulatory guidance or adopt new legislation; how courts will interpret other anti-discriminatory provisions that may apply; whether there could be other potential negative impacts of the decision and any resultant plan behavior on our commercial or government mix or the number of our patients covered by commercial insurance; and the timing of each of these items. If more commercial or employer group health plans seek to implement or utilize plan designs that discourage or prevent ESRD patients from retaining their commercial coverage, it may lead to a decrease in the number of patients with commercial plans, the duration of benefits for patients under commercial plans and/or a decrease in the payment rates we receive, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, some commercial payors are pursuing or have incorporated policies into their provider manuals limiting or refusing to accept charitable premium assistance from non-profit organizations, such as the American Kidney Fund, which may impact the number of patients who are able to afford commercial plans. Paying for coverage is a significant financial burden for many patients, and ESRD disproportionately affects the low-income population. Charitable premium assistance supports continuity of coverage and access to care for patients, many of whom are unable to continue working full-time as a result of their severe health condition. Many patients with commercial and government insurance also rely on financial assistance from charitable organizations, such as the American Kidney Fund. Certain payors have challenged our patients' and other providers' patients' ability to utilize assistance from charitable organizations for the payment of premiums, including, without limitation, through litigation and other legal proceedings. The use of charitable premium assistance for ESRD patients has also faced challenges and inquiries from legislators, regulators and other governmental authorities, and this may continue. In addition, CMS or another regulatory agency or legislative authority may issue a new rule or guidance that challenges or restricts charitable premium assistance. If any of these challenges to kidney patients' use of premium assistance is successful or restrictions are imposed on the use of financial assistance from such charitable organizations or if organizations providing such assistance are no longer available such that kidney patients are unable to obtain, or continue to receive or receive for a limited duration, such financial assistance, it may restrict the ability of dialysis patients to obtain and maintain optimal insurance coverage and could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, if our assumptions about how kidney patients will respond to any change in financial assistance from charitable organizations are incorrect, it could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our negotiations and relationships with payors may also be impacted by legislative or regulatory developments and associated legal rulings. For example, the final rules for the Cures Act, which are described in detail in Part I, Item 1. Business of this Form 10-K under the heading "*Government Regulation—21st Century Cures Act*," broadened ESRD patient access to certain enhanced benefits offered by MA plans. While these rules increased our MA plan enrollment for ESRD benefits in their first year, the potential ultimate impact of this change in benefit eligibility remains subject to change as market participants continue to adjust to this new regulatory environment. As an example, the removal of objective time and distance standards relating to network adequacy for outpatient dialysis centers for MA plans that was included in the final rules may adversely impact the number of ESRD patients that select MA plans and also may result in the Company not being an in-network provider for significant MA plans in the event MA plans attempt to use this revision to the rules to limit or restrict their networks. If kidney patients choose not to enroll in MA plans or choose to leave MA plans, whether due to network adequacy standards or otherwise, or if we fail to provide education to kidney patients in the manner specified by CMS, we could be subject to certain clinical, operational, financial and legal risks, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, recent price transparency regulations require most group health plans and health insurance issuers in the group and individual markets to make certain pricing and patient responsibility information publicly available. For further detail on these regulations see the discussion in Part I, Item 1. Business of this Form 10-K under the heading "*Government Regulation—Health Plan Price Transparency Rules*." On July 1, 2022, enforcement began of the requirement that plans publish machine readable files that include negotiated rates for all covered items and services with all providers and out-of-network allowed amounts. To comply with these requirements, plans have begun to publish these files and make them available to the public. The information that has been made available to date is highly diverse and complex. While the ultimate impact of these requirements remains uncertain, any changes by group health plans, health insurance issuers in the group and individual markets, or consumer choices resulting from these requirements could have a material adverse impact on our business, results of operations, and financial condition, and our reputation could be materially harmed. We could also experience a further decrease in the payments we receive for services if changes to the marketplace or the healthcare regulatory system result in fewer patients covered under commercial plans or an increase of patients covered under more restrictive commercial plans, or plans with lower reimbursement rates, among other things. For additional details regarding potential legislative or regulatory changes, the specific risks we face in connection with any decrease in payments we receive for services due to, for example, fewer patients being covered under commercial plans or an increase of patients covered under more restrictive commercial plans, or plans with lower reimbursement rates, please see Part I, Item 1. Business of this

Form 10-K under the heading "Government Regulation" and the discussion in the risk factor under the heading "Changes in federal and state healthcare legislation or regulations..."

In addition to the aforementioned pricing transparency rules, the government has also implemented certain additional pricing transparency requirements that apply to certain types of providers, including DaVita. Under the No Surprises Act, which went into effect January 1, 2022, certain providers, including DaVita, will be required to develop and disclose a "Good Faith Estimate" (GFE) that details the expected charges for furnishing an item or service to an uninsured or self-pay patient. The GFE must include certain specific information such as, among other things, co-provider service cost estimates, and is subject to certain format, availability and dispute resolution requirements. Similar to the aforementioned pricing transparency rules, the impact of the GFE requirements on DaVita remains uncertain at this time, in part due to ongoing rulemaking around the No Surprises Act as well as uncertainty around operational timeframes, potential penalties and patient reaction, among other things. Patient dissatisfaction with the GFE process, whether with respect to the level of charges, how such charges are communicated or otherwise, may impact patient choices and over time could have a material adverse impact on our business, results of operations and financial condition, and could materially harm our reputation.

As noted, the foregoing dynamics of our arrangements and negotiations with commercial payors each may have an impact on, among other things, our ability to enter into and maintain contracts with payors with competitive terms, including, without limitation, reimbursement rates, scope and duration of coverage and in-network benefits as well as the number or percentage of our patients with higher-paying commercial insurance. If, as a result of these or other dynamics, we experience a decline in the average rates that commercial payors pay us or a reduction in the number of patients with ESRD coverage under higher-paying commercial plans either in total or relative to the number of patients under government-based programs that pay at lower rates or an increase in the number of patients that are uninsured or underinsured, it could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If we are not able to successfully implement our strategy with respect to our integrated kidney care and value-based care initiatives, including maintaining our existing business and further developing our capabilities in a complex and highly regulated environment, it could result in a loss of our investments and have a material adverse effect on our growth strategy, could adversely impact our business, results of operations, financial condition and cash flows, and could materially harm our reputation.

Our integrated kidney care business manages patients and coordinates their care through value-based care arrangements with commercial payors and through government programs. We have continued to grow this portion of our business both with commercial payors, including as MA has expanded, and with government programs as CMS and CMMI implement new payment models focused on comprehensive and integrated kidney care. As part of our growth strategy, we have invested and expect to continue to invest substantial resources in the further development of our integrated care business and value-based care initiatives. There can be no assurances that we will be able to successfully implement our strategies with respect to integrated kidney care and value-based care in a complex, evolving and highly competitive and regulated environment, including, among other things, maintaining our existing business; recovering our investments; entering into agreements with payors, physicians, third party vendors and others on competitive terms, as appropriate, that prove actuarially sound; structuring these agreements and arrangements to comply with evolving rules and regulations, including, among other things, rules and regulations related to fraud and abuse and the use of protected health information. Implementing our expanded integrated kidney care strategies and value-based care initiatives at scale also increases certain execution and compliance risks associated with developing our operational, IT, billing and telehealth systems, including our ability to accurately capture relevant patient care data, among other things. For additional details on risks associated with information systems and new technology generally, see the risk factor under the heading "Failing to effectively maintain, operate or upgrade our information systems or those of third-party service providers upon which we rely..."

New entrants are aggressively pursuing opportunities to participate in the new CMMI payment models or otherwise establish value-based care programs, and with increasing investment and funding, these new entrants may adopt strategies that increase our costs to participate in these payment models and/or adversely impact our ability to enter into competitive arrangements with payors, physicians and hospitals. For additional detail on our evolving competitive environment, see the risk factor under the heading "If we are unable to compete successfully..." If any of these or other of our integrated kidney care and value-based care initiatives are unsuccessful, it could result in a loss of our investments and have a material adverse effect on our growth strategy, could adversely impact our business, results of operations, financial condition and cash flows, and could materially harm our reputation.

In addition, future legislative or regulatory action related to, among other things, integrated kidney care, including among others, CMMI, and/or full capitation demonstration for ESRD may impact our ability to provide a competitive and successful integrated care program at scale. There can be no assurances that any other legislation or regulation that aligns with our strategy and investments will be passed into law or enacted, and the ongoing COVID-19 pandemic may delay the progress of such

initiatives. Additionally, the ultimate terms and conditions of any potential legislative or regulatory action impacting integrated kidney care, full capitation demonstrations or the existing CMMI program remain unclear. For example, our costs of care could exceed our associated reimbursement rates under such legislation. Irrespective of whether such laws are passed or regulations enacted, there can be no assurances that we will be able to successfully execute on the required strategic initiatives that would allow us to provide a competitive and successful integrated care program on a broad scale, and in the desired time frame. Any failure on our part to adequately implement strategic initiatives to adjust to any marketplace developments resulting from executive, legislative, regulatory or administrative changes could have a material adverse impact on our business.

If we are not able to successfully implement our strategy with respect to home-based dialysis, including maintaining our existing business and further developing our capabilities in a complex and highly regulated environment, it could have a material adverse effect on our business, results of operations, financial condition and cash flows, and could materially harm our reputation.

Our home-based dialysis services, which include home hemodialysis and peritoneal dialysis (PD), represented approximately 18% of our U.S. dialysis patient services revenues for the year ended December 31, 2022, and have increasingly become an important part of our overall strategy. In addition, home-based dialysis recently has been the subject of increased political and industry focus. For example, in connection with the 2019 Executive Order, HHS set out specific goals related to home dialysis and CMMI's ESRD Treatment Choices (ETC) mandatory payment model and voluntary payment models included new incentives to encourage dialysis at home. More recently, CMS finalized changes to the ETC model and other regulations to encourage dialysis facilities and healthcare providers to seek to decrease disparities in health equity across racial and socioeconomic status in rates of home dialysis and kidney transplants among ESRD patients. We are a leader in home-based dialysis and have made investments in processes and infrastructure to continue to grow this modality. There are, however, risks associated with this growth, including, among other things, financial, legal and operational risks related to our ability to design and develop infrastructure and to plan for capacity in a modality that is part of an evolving marketplace. We may also be subject to associated risks related to our ability to successfully manage related operational initiatives, find, train and retain appropriate staff, contract with payors for appropriate reimbursement, and maintain processes to adhere to the complex regulatory and legal requirements, including without limitation those associated with billing Medicare. For additional detail on risks associated with operating in a highly regulated environment, see the risk factor under the heading "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*" In addition to the above risks, certain risks inherent to home-based dialysis will increase as we expand our home-based dialysis offerings, including risks related to managing transitions between in-center and home-based dialysis, billing and telehealth systems, among others. For additional detail on risks associated with information systems and new technology generally, see the risk factor under the heading "*Failing to effectively maintain, operate or upgrade our information systems or those of third-party service providers upon which we rely...*"

An increased focus on home-based dialysis is also indicative of the generally evolving market for kidney care. This developing market may create additional opportunities for competition with relative ease of entry, and if we are unable to successfully adapt to these or other marketplace developments, which, among other things, may include regulatory changes with respect to conditions of coverage, in a timely and compliant manner, we may experience a material adverse impact on our growth in home-based dialysis or a reduction in our overall number of patients, among other things. Our response to the COVID-19 pandemic has also required us to impose certain operational restrictions that may adversely impact certain home-based dialysis initiatives, and the extent of this impact may depend on the severity or duration of the pandemic, among other things. For additional detail on the competitive landscape in kidney care, see the risk factor under the heading "*If we are unable to compete successfully...*" and for additional detail on the impact of COVID-19 on our home-based dialysis business, see the risk factor under the heading "*Macroeconomic conditions and global events...*" If we are not able to successfully implement our strategy with respect to home-based dialysis, including maintaining our existing business and further developing our capabilities in a complex and highly regulated environment, it could have a material adverse effect on our business, results of operations, financial condition and cash flows, and could materially harm our reputation.

Changes in the structure of and payment rates under the Medicare ESRD program or changes in state Medicaid or other non-Medicare government-based programs or payment rates could have a material adverse effect on our business, results of operations, financial condition and cash flows.

A substantial portion of our dialysis revenues are generated from patients who have Medicare as their primary payor. For patients with Medicare coverage, all ESRD payments for dialysis treatments are currently made under a single bundled payment rate which provides a fixed payment rate to encompass all goods and services provided during the dialysis treatment that are related to the treatment of dialysis, subject to certain adjustments as described below. Most lab services are also included in the bundled payment.

Under the ESRD Prospective Payment System (PPS), bundled payments to a dialysis facility may be reduced by as much as 2% based on the facility's performance in specified quality measures set annually by CMS through the ESRD Quality Incentive Program, which was established by the Medicare Improvements for Patients and Providers Act of 2008. The bundled payment rate is also adjusted for certain patient characteristics, a geographic usage index and certain other factors. In addition, the ESRD PPS is subject to rebasing, which can have a positive financial effect, or a negative one if the government fails to rebase in a manner that adequately addresses the costs borne by dialysis facilities. Similarly, as new drugs, services or labs are added to the ESRD bundle, CMS' failure to adequately calculate or fund the costs associated with the drugs, services or labs could have a material adverse effect on our business, results of operations, financial condition and cash flows. In certain instances, new injectable, intravenous or oral products may be reimbursed separately from the bundled payment for a defined period of time through a transitional drug add-on payment adjustment (TDAPA). For a discussion of certain risks associated with this transitional pricing process, see the risk factor under the heading, "*Changes in clinical practices, payment rates or regulations impacting pharmaceuticals and/or devices...*"

The current bundled payment system presents certain operating, clinical and financial risks, which include, without limitation:

- Risk that our rates are reduced by CMS. CMS publishes a final rule for the ESRD PPS each year and uncertainty about future payment rates remains a material risk to our business.
- Risk that CMS, on its own or through its contracted Medicare Administrative Contractors (MACs) or otherwise, implements Local Coverage Determinations (LCDs) or implements payment provisions, policy or regulatory mandates, including changes to the existing or future PPS, that limit our ability to either be paid for covered dialysis services or bill for treatments or other drugs and services or other rules that may impact reimbursement. Such payment rules and regulations and coverage determinations or related decisions could have an adverse impact on our operations and revenue. There is also risk that commercial insurers could seek to incorporate the requirements or limitations associated with such LCDs or CMS guidance into their contracted terms with dialysis providers, which could have an adverse impact on our revenue.
- Risk that a MAC, or multiple MACs, change their interpretations of existing regulations, manual provisions and/or guidance, or seek to implement or enforce new interpretations that are inconsistent with how we have interpreted existing regulations, manual provisions and/or guidance.
- Risk that CMS implements data and related reporting requirements that result in decreased reimbursement and/or increased technology and operational costs.
- Risk that increases in our operating costs will outpace the Medicare rate increases we receive. We expect operating costs to continue to increase due to inflationary factors, such as increases in labor and supply costs, including, without limitation, increases in maintenance costs and capital expenditures to improve, renovate and maintain our facilities, equipment and information technology to meet changing regulatory requirements and business needs, regardless of whether there is a compensating inflation-based increase in Medicare payment rates or in payments under the bundled payment rate system.
- Risk of continued federal budget sequestration cuts or other disruptions in federal government operations and funding. As a result of the Budget Control Act of 2011, the Bipartisan Budget Act (BBA) and the CARES Act, an annual 2% reduction to Medicare payments took effect on April 1, 2013, and has been extended through 2030. These across-the-board spending cuts have affected and will continue to adversely affect our business, results of operations, financial condition and cash flows. Any extended disruption in federal government operations and funding, including an extended government shutdown, U.S. government debt default and/or failure of the U.S. government to enact annual appropriations could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, disruptions in federal government operations may delay or negatively impact regulatory approvals and guidance that are important to our operations, and create uncertainty about the pace of upcoming regulatory developments.
- Risk that failure to adequately develop and maintain our clinical or other operational systems or failure of our clinical or operational systems to operate effectively could have a material adverse effect on our business, results of operations, financial condition and cash flows. For example, in connection with claims for which at least part of the government's payments to us is based on clinical performance or patient outcomes or comorbidities, if our clinical systems fail to accurately capture the data we report to CMS or we otherwise have data integrity issues with respect to the reported information, we might be over-reimbursed by the government, which could, among other things, subject us to liability exclusion from participation in federal healthcare programs and penalties under the federal Civil Monetary Penalty statute, and could adversely impact our reputation.

We are subject to similar risks for services billed separately from the ESRD bundled payment, including, without limitation, the risk that a MAC, or multiple MACs, change their interpretations of existing regulations, manual provisions and/or guidance; or seek to implement or enforce new interpretations that are inconsistent with how we have interpreted existing regulations, manual provisions and/or guidance.

In addition to the above risks under the current Medicare ESRD program, changing legislation and other regulatory and executive developments have led and may continue to lead to the emergence of new models of care and other initiatives in both the government and private sector that, among other things, may impact the structure of, and payment rates under, the Medicare ESRD program. Moreover, the number of our patients with primary Medicare coverage may be subject to change, particularly with the effectiveness of the Cures Act, which allows Medicare-eligible individuals with ESRD to enroll in MA managed care plans. For additional details regarding the risks we face for failing to adhere to our Medicare and Medicaid regulatory compliance obligations or failing to adequately implement strategic initiatives to adjust to marketplace developments, see the risk factors above under the headings "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*;" and "*Changes in federal and state healthcare legislation or regulations...*"

Primary coverage for a significant number of our patients also comes from state Medicaid programs partially funded by the federal government as well as other non-Medicare government-based programs, such as coverage through the Department of Veterans Affairs (VA). As state governments and other governmental organizations face increasing financial hardship and budgetary pressure, including as a result of the COVID-19 pandemic or changes in the political environment, we may in turn face reductions in payment rates, delays in the receipt of payments, limitations on enrollee eligibility or other changes to the applicable programs. For example, certain state Medicaid programs and the VA have recently considered, proposed or implemented payment rate reductions, such as the VA's adoption of Medicare's bundled PPS pricing methodology for any veterans receiving treatment from non-VA providers under a national contracting initiative. Since we are a non-VA provider, these reimbursements are tied to a percentage of Medicare reimbursement, and we have exposure to any dialysis reimbursement changes made by CMS. Approximately 3% of our U.S. dialysis patient services revenues for the year ended December 31, 2022 were generated by the VA. In addition, in 2019, we entered into a Nationwide Dialysis Services contract with the VA that includes five separate one-year renewal periods throughout the term of the contract. The term structure is similar to our prior five-year agreement with the VA, and is consistent with VA practice for similar provider agreements. With this contract award, the VA has agreed to keep our percentage of Medicare reimbursement consistent with that under our prior agreement with the VA during the term of the contract. As with that prior agreement, this agreement provides the VA with the right to terminate the agreements without cause on short notice, among other things. Should the VA renegotiate, not renew or cancel these agreements for any reason, we may cease accepting patients under this program and may be forced to close centers or experience lower reimbursement rates, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

State Medicaid programs are increasingly adopting Medicare-like bundled payment systems, but sometimes these payment systems are poorly defined and are implemented without any claims processing infrastructure, or patient or facility adjusters. If these payment systems are implemented without any adjusters and claims processing infrastructure, Medicaid payments will be substantially reduced and the costs to submit such claims may increase, which will have a negative impact on our business, results of operations, financial condition and cash flows. In addition, some state Medicaid program eligibility requirements mandate that citizen enrollees in such programs provide documented proof of citizenship. If our patients cannot meet these proof of citizenship documentation requirements, they may be denied coverage under these programs, resulting in decreased patient volumes and revenue. These Medicaid payment and enrollment changes, along with similar changes to other non-Medicare government programs, could reduce the rates paid by these programs for dialysis and related services, delay the receipt of payment for services provided and further limit eligibility for coverage which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our business is labor intensive and if our labor costs continue to rise, including due to shortages, changes in certification requirements and/or higher than normal turnover rates in skilled clinical personnel; or currently pending or future governmental laws, rules, regulations or initiatives impose additional requirements or limitations on our operations or profitability; or, if we are unable to attract and retain employees; or if union organizing activities or legislative or other changes result in significant increases in our operating costs or decreases in productivity, we may experience disruptions in our business operations and increases in operating expenses, among other things, any of which could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation.

We face increasing labor costs generally, and in particular, we continue to face increased labor costs and difficulties in hiring nurses due to a nationwide shortage of skilled clinical personnel that has been exacerbated by the ongoing COVID-19 pandemic and recent developments in the labor market. As referenced above, the current labor market is challenging and continues to experience volatility, uncertainty and labor supply shortages, particularly in healthcare. Our business is labor intensive, and our financial and operating results have been and continue to be sensitive to variations in labor-related costs,

productivity and the number of pending or potential claims against us related to labor and employment practices. We have incurred and expect to continue to incur increased labor costs and experience staffing challenges, including without limitation those related to COVID-19, the ultimate extent of which will depend on the severity and duration of the pandemic and ancillary impacts on the economy and labor market, among other things. For additional discussion of the risks facing us related to the current labor environment and COVID-19, see the risk factor under the heading "*Macroeconomic conditions and global events...*" Additionally, to the extent that general inflationary pressures continue or further increase, this may in turn increase our labor and supply costs at a rate that outpaces the Medicare or any other rate increases we may receive.

We compete for nurses with hospitals and other healthcare providers. The ongoing nursing shortage may limit our ability to expand our operations. Furthermore, changes in certification requirements can impact our ability to maintain sufficient staff levels, including to the extent our teammates are not able to meet new requirements, among other things. In addition, if we experience a higher than normal turnover rate for our skilled clinical personnel, our operations and treatment growth may be negatively impacted, which could adversely affect our business, results of operations, financial condition and cash flows. For example, in 2022, we did experience elevated rates of teammate turnover, which led to increased training costs and costs related to contract labor, among other things. We also face competition in attracting and retaining talent for key leadership positions. If we are unable to attract and retain qualified individuals, we may experience disruptions in our business operations, including, without limitation, our ability to achieve strategic goals, which could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation.

Political or other efforts at the national or local level could result in actions or proposals that increase the likelihood of success of union organizing activities at our facilities and ongoing union organizing activities at our facilities could continue or increase for other reasons. We could experience an upward trend in wages and benefits and labor and employment claims, including, without limitation, the filing of class action suits, or adverse outcomes of such claims, or face work stoppages. In addition, we are and may continue to be subject to targeted corporate campaigns by union organizers in response to which we have been and expect to continue to be required to expend substantial resources, both time and financial. Any of these events or circumstances could have a material adverse effect on our employee relations, treatment growth, productivity, business, results of operations, financial condition, cash flows and reputation.

Privacy and information security laws are complex, and if we fail to comply with applicable laws, regulations and standards, including with respect to third-party service providers that utilize sensitive personal information on our behalf, or if we fail to properly maintain the integrity of our data, protect our proprietary rights to our systems or defend against cybersecurity attacks, we may be subject to government or private actions due to privacy and security breaches or suffer losses to our data and information technology assets, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows or materially harm our reputation.

We must comply with numerous federal and state laws and regulations in both the U.S. and the foreign jurisdictions in which we operate governing the collection, dissemination, access, use, security and privacy of PHI, including, without limitation, HIPAA and its implementing privacy, security, and related regulations, as amended by the federal Health Information Technology for Economic and Clinical Health Act (HITECH) and collectively referred to as HIPAA. We are also required to report known breaches of PHI and other certain personal information consistent with applicable breach reporting requirements set forth in applicable laws and regulations. From time to time, we may be subject to both federal and state inquiries or audits related to HIPAA, HITECH and other state privacy laws associated with complaints, desk audits, and data breaches. Requirements under HIPAA also continue to evolve. If we fail to comply with applicable privacy and security laws, regulations and standards, including with respect to third-party service providers that utilize sensitive personal information, including PHI, or financial information or payroll data on our behalf, properly maintain the integrity of our data, protect our proprietary rights, or defend against cybersecurity attacks, it could materially harm our reputation and/or have a material adverse effect on our business, results of operations, financial condition and cash flows. These risks may be intensified to the extent that the laws change or to the extent that we increase our use of third-party service providers that utilize sensitive personal information, including PHI, on our behalf.

Data protection laws are evolving globally, and may continue to add additional compliance costs and legal risks to our international operations. For more details on certain international data protection laws and regulations affecting our business, see Part I, Item 1. Business of this Form 10-K under the heading "*Government Regulation.*" The costs of compliance with, and other burdens imposed by these international data protection laws and regulations including, among others, the General Data Protection Regulation (GDPR) in the EU and UK, and other new laws, regulations and policies implementing these regulations may impact our international operations and may limit the ways in which we can provide services or use personal data collected while providing services.

Privacy and data protection laws are also evolving nationally, providing for enhanced state privacy rights that are broader than the current federal privacy rights, and may add additional compliance costs and legal risks to our U.S. operations. The

costs of compliance with, and the burdens imposed by, these and other new federal and state laws, regulations or policies may impact our operations and/or limit the ways in which we can provide services or use personal data collected while providing services. If we fail to comply with the requirements of these and other new laws, regulations or policies, we could be subject to penalties that, in some cases, would have a material adverse impact on our business, results of operations, financial condition and cash flows. For more details on the privacy and other regulations affecting our business, see Part I, Item 1. Business of this Form 10-K under the heading "*Government Regulation.*" Scrutiny over cybersecurity standards in the health sector is also increasing, and ongoing developments in this area may cause us to invest additional resources in technology, personnel and programmatic cybersecurity controls as the cybersecurity risks we face continue to evolve.

Information security risks have significantly increased in recent years in part because of the proliferation of new technologies, the increasing use of the Internet and telecommunications technologies to conduct our operations, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including, among others, foreign state agents. Our business and operations rely on the secure and continuous processing, transmission and storage of confidential, proprietary and other information in our computer systems and networks, including sensitive personal information, such as PHI, social security numbers, and/or credit card information of our patients, teammates, physicians, business partners and others. Our business and operations also rely on certain critical IT vendors that support such processing, transmission and storage (which have become more relevant and important given the information security issues and risks that are intensified through remote work arrangements).

We regularly review, monitor and implement multiple layers of security measures through technology, processes and our people. We utilize security technologies designed to protect and maintain the integrity of our information systems and data, and our defenses are monitored and routinely tested internally and by external parties. Despite these efforts, our facilities and systems and those of our third-party service providers may be vulnerable to privacy and security incidents; security attacks and breaches; acts of vandalism or theft; computer viruses and other malicious code; coordinated attacks by a variety of actors, including, among others, activist entities or state sponsored cyberattacks; emerging cybersecurity risks; cyber risk related to connected devices; misplaced or lost data; programming and/or human errors; or other similar events that could impact the security, reliability and availability of our systems. Internal or external parties have attempted to, and will continue to attempt to, circumvent our security systems, and we have in the past, and expect that we will in the future, defend against, experience, and respond to attacks on our network including, without limitation, reconnaissance probes, denial of service attempts, malicious software attacks including ransomware or other attacks intended to render our internal operating systems or data unavailable, and phishing attacks or business email compromise. Cybersecurity requires ongoing investment and diligence against evolving threats. Emerging and advanced security threats, including, without limitation, coordinated attacks, require additional layers of security which may disrupt or impact efficiency of operations. As with any security program, there always exists the risk that employees will violate our policies despite our compliance efforts or that certain attacks may be beyond the ability of our security and other systems to detect. There can be no assurance that investments, diligence and/or our internal controls will be sufficient to prevent or timely discover an attack.

Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential information, including, among others, PHI, financial data, competitively sensitive information, or other proprietary data, whether by us or a third party, could have a material adverse effect on our business, results of operations, financial condition, and cash flows and materially harm our reputation. We may be required to expend significant additional resources to modify our protective measures, to investigate and remediate vulnerabilities or other exposures, or to make required notifications. The occurrence of any of these events could, among other things, result in interruptions, delays, the loss or corruption of data, cessations in the availability of systems and liability under privacy and security laws, all of which could have a material adverse effect on our business, results of operations, financial condition and cash flows, or materially harm our reputation and trigger regulatory actions and private party litigation. If we are unable to protect the physical and electronic security and privacy of our databases and transactions, we could be subject to potential liability and regulatory action, our reputation and relationships with our patients, physicians, vendors and other business partners would be harmed, and our business, results of operations, financial condition and cash flows could be materially and adversely affected. Failure to adequately protect and maintain the integrity of our information systems (including our networks) and data, or to defend against cybersecurity attacks, could subject us to monetary fines, civil suits, civil penalties or criminal sanctions and requirements to disclose the breach publicly, and could further result in a material adverse effect on our business, results of operations, financial condition and cash flows or harm our reputation. As malicious cyber activity escalates, including activity that originates outside of the U.S., and as we continue with certain remote work arrangements and a broadened technology footprint, the risks we face relating to transmission of data and our use of service providers outside of our network, as well as the storing or processing of data within our network, have intensified. There have been increased international, federal and state and other privacy, data protection and security enforcement efforts and we expect this trend to continue. While we plan to maintain cyber liability insurance, there can be no assurance that we will successfully be able to obtain such insurance on terms and conditions that are favorable to us or at all.

Additionally, any cyber liability insurance may not cover us for all types of losses or harms and may not be sufficient to protect us against the amount of all losses.

If certain of our suppliers do not meet our needs, if there are material price increases on supplies, if we are not reimbursed or adequately reimbursed for drugs we purchase or if we are unable to effectively access new technology or superior products, it could negatively impact our ability to effectively provide the services we offer and could have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation. We are also subject to the risk associated with our increased reliance on third party service providers.

We have significant suppliers, with a substantial portion of our total vendor spend concentrated with a limited number of third party suppliers. These third party suppliers include, without limitation, suppliers of pharmaceuticals or clinical products that may be the primary source of products critical to the services we provide, or to which we have committed obligations to make purchases, sometimes at particular prices. We and other dialysis providers have experienced supply chain shortages with respect to certain of our equipment and clinical supplies, such as dialysate, which is the fluid solution used in hemodialysis to filter toxins and fluid from the blood, and in certain cases, we have had to make significant operational changes in response. Separately, the ongoing COVID-19 pandemic also has resulted in global supply chain challenges and has materially impacted global supply chain reliability, as further described in the risk factor under the heading, "*Macroeconomic conditions and global events...*"

If any of our suppliers do not meet our needs for the products they supply, including, without limitation, in the event of COVID-19 related global supply chain challenges, a product recall, other shortage or dispute, and we are not able to find adequate alternative sources at competitive prices; if we experience material price increases from these suppliers or otherwise in connection with our actions to secure needed products that we are unable to mitigate; if some of the drugs that we purchase from our suppliers are not reimbursed or not adequately reimbursed by commercial or government payors; or if we are unable to secure products, including pharmaceuticals at competitive rates and within the desired time frame; it could negatively impact our ability to effectively provide the services we offer, have a material adverse impact on our business, results of operations, financial condition and cash flows, and could materially harm our reputation. In addition, the technology related to the products critical to the services we provide is subject to new developments which may result in superior products. If we are not able to access superior products on a cost-effective basis, either due to competitive conditions in the marketplace or otherwise, or if suppliers are not able to fulfill our requirements for such products, we could face patient attrition and other negative consequences which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We also rely increasingly on third party service providers to perform certain functions, including, among others, finance and accounting and information technology functions. This reliance subjects us to risks arising from the loss of control over these services, changes in pricing that may affect our operating results, and potentially, termination of provisions of these services by our providers. There can be no assurance that our third party service providers will provide, or continue to provide, the level of services we require. Any failure by our third party service providers to adequately perform their obligations could negatively impact our ability to effectively execute certain important corporate functions and have a material adverse effect on our business, results of operations, financial condition and cash flows.

Changes in clinical practices, payment rates or regulations impacting pharmaceuticals and/or devices could have a material adverse effect on our business, results of operations, financial condition, and cash flows and negatively impact our ability to care for patients.

Medicare bundles certain pharmaceuticals into the ESRD PPS payment rate at industry average doses and prices. Variations above the industry average may be subject to partial reimbursement through the PPS outlier reimbursement policy. Changes to industry averages, which can be caused by, among other things, changes in physician prescribing practices, including in response to the introduction of new drugs, treatments or technologies, changes in best and/or accepted clinical practice, changes in private or governmental payment criteria regarding pharmaceuticals and/or devices, or the introduction of administration policies may negatively impact our ability to obtain sufficient reimbursement levels for the care we provide, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. Physician practice patterns, including their independent determinations as to appropriate pharmaceuticals and dosing, are subject to change, including, for example, as a result of changes in labeling of pharmaceuticals or the introduction of new pharmaceuticals. Additionally, commercial payors have increasingly examined their administration policies for pharmaceuticals and, in some cases, have modified those policies. If such policy and practice trends or other changes to private and governmental payment criteria make it more difficult to preserve our margins per treatment, it could have a material adverse effect on our business, results of operations, financial condition and cash flows. Further, increased utilization of certain pharmaceuticals whose costs are included in a bundled reimbursement rate, or decreases in reimbursement for pharmaceuticals

whose costs are not included in a bundled reimbursement rate, could also have a material adverse effect on our business, results of operation, financial condition and cash flows.

Regulations and processes impacting reimbursement for pharmaceuticals and/or devices and any changes thereto could similarly affect our operating results. Among other things, as new kidney care drugs, treatments or technologies are introduced over time, we expect that the use of transitional payment adjustments to incorporate certain of these new drugs, treatments or technologies as defined by the CMS policy into the bundled Medicare Part B ESRD payment may lead to fluctuations in associated levels of operating income and risk that the reimbursement levels of such drugs, treatments or technologies may not adequately cover our cost to obtain the drug or other associated costs. Drivers of these risks include, among other things, the risk that CMS may not provide adequate funding in the Medicare Part B ESRD payment in the post-transitional period or such items are not covered by transitional add on pricing, in which case there may be less clarity on the reimbursement, either of which may in turn materially adversely impact our business, results of operations, financial condition and cash flows. For example, in the event that a hypoxia-inducible factor (HIF) product is approved by the FDA we expect that HIF products will be subject to a TDAPA period prior to being incorporated into the payment bundle. We are developing operational and clinical processes designed to provide the drug as may be required under the applicable regulations and as may be prescribed by physicians and also are working to contract with manufacturers of drug(s) to establish terms and access to the product, as well as payors, as applicable, for reimbursement and/or administration of the drug. While the timing and details of a potential approval, including the contents of the applicable FDA label, remain uncertain, if HIF products are approved, we could experience significant fluctuations in our associated levels of operating income and could be subject to material financial, operational and/or legal risk if we are not adequately reimbursed for the cost of the drug, if we are unable to implement effective and appropriate operational measures to distribute the drug, if we fail to implement appropriate storage and diversion controls or if we cannot obtain competitive pricing for the HIF, the aggregate impact of these risks could have a material adverse effect on our business, results of operation, financial condition and cash flows.

Similar operating and clinical rigor and appropriate processes will be needed for other potential new drugs, treatments or technologies that are approved and come onto the market, as well as for drugs, treatments or technologies that we contract to receive from different suppliers. In 2022, for example, a new medication that assists with uremic pruritus in dialysis patients was available to patients, and we began our transition to our new ESA contract. In both cases, we developed systems and processes for all facets of operationalizing the availability and reimbursement of each medication. We anticipate other drugs and/or biologics to continue to come onto the market in subsequent years. Any failure to successfully contract with manufacturers for competitive pricing, failure to successfully contract with the government or other payors for appropriate reimbursement, or failure to prepare, develop and implement processes that provide for appropriate availability and use in our clinics in compliance with applicable laws, including those related to controlled substances, could have a material adverse impact on our business, results of operations, financial condition and cash flows.

We may also be subject to increased inquiries or audits from a variety of governmental bodies or claims by third parties related to pharmaceuticals, which would require management's attention and could result in significant legal expense. Any negative findings could result in, among other things, substantial financial penalties or repayment obligations, the imposition of certain obligations on and changes to our practices and procedures as well as the attendant financial burden on us to comply with the obligations, or exclusion from future participation in the Medicare and Medicaid programs, and could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation. For additional details, see the risk factor under the heading "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*"

If we are unable to compete successfully, including, without limitation, implementing our growth strategy and/or retaining patients and developing and maintaining relationships with physicians and hospitals, it could materially adversely affect our business, results of operations, financial condition and cash flows.

We operate in a highly competitive and continuously evolving environment across the spectrum of kidney care, and operating in this market requires us to successfully execute on strategic initiatives which, among other things, build or retain our patient population through acquisition or referrals, or that develop and maintain our relationships with physicians and hospitals in both the dialysis and pre-dialysis space.

Competition for relationships with certain referral sources, including nephrologists and hospitals, in existing and expanding geographies or areas is intense, and we continue to face intense competition from large and medium-sized providers, among others, which compete directly with us for physicians qualified to serve as medical directors, for limited acquisition targets and for individual patients. In addition to these large and medium-sized competitors with substantial financial resources and other established participants in the dialysis space, we also compete with individual nephrologists who have opened their own dialysis units or facilities. Our largest competitor, Fresenius Medical Group, manufactures a full line of dialysis supplies

and equipment in addition to owning and operating dialysis centers, which may, among other things, give it cost advantages over us because of its ability to manufacture its own products.

We continuously compete for maintaining or developing relationships with physicians that can serve as medical directors at our centers. Physicians, including medical directors, choose where they refer their patients, and neither of our current or former medical directors have an obligation to refer their patients to our centers. Certain physicians prefer to have their patients treated at dialysis centers where they or other members of their practice supervise the overall care provided as medical director of the center. As a result, referral sources for many of our centers include the physician or physician group providing medical director services to the center. Moreover, because Medicare regulations require medical directors for each of our Medicare certified dialysis centers, our ability to operate our centers depends in part on our ability to secure medical director agreements with a sufficient number of nephrologists. Our medical director contracts are for fixed periods, generally ten years, and at any given time a large number of them could be up for renewal at the same time. Medical directors have no obligation to extend their agreements with us and, under certain circumstances, our former medical directors may choose to provide medical director services for competing providers or establish their own dialysis centers in competition with ours. If we are unable to contract with nephrologists to provide medical director services, then we may be unable to satisfy the federal Medicare requirements associated with medical directors and to operate our centers. The aging of the nephrologist population and opportunities presented by our competitors may negatively impact a medical director's decision to enter into or extend his or her agreement with us. In addition, if the terms of any existing agreement are found to violate applicable laws, there can be no assurances that we would be successful in restructuring the relationship, which would lead to the early termination of the agreement. If we are unable to obtain qualified medical directors to provide supervision of the operations and care provided at our dialysis centers, it could affect not only our ability to operate the center and for other physicians to feel confident in referring patients to our dialysis centers. If a significant number of physicians were to cease referring patients to our dialysis centers, whether due to law, rule or regulation, new competition, a perceived decrease in the quality of service levels at our centers or other reasons, it would have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, as we continue to expand our offerings across the kidney care continuum, our ability to enter into and maintain integrated kidney care relationships with payors, physicians and other providers may have an impact on dialysis patient retention and the continued referrals of patients from referral sources such as hospitals and nephrologists. This environment is highly competitive and has been evolving. For example, there have been a number of announcements, initiatives and capital raises by non-traditional dialysis providers and others, which relate to entry into the dialysis and pre-dialysis space, the development of innovative technologies, or the commencement of new business activities that could be transformative to the industry. Some of these new entrants have considerable financial resources. Although these and other potential competitors may face operational or financial challenges, the evolving nature of the dialysis and pre-dialysis marketplaces have presented some opportunities for relative ease of entry for these and other potential competitors. As a result, we may compete with these smaller or non-traditional providers or others in an asymmetrical environment with respect to data and regulatory requirements that we face as an ESRD service provider, thereby negatively impacting our ability to effectively compete. These and other factors have continued to drive change in the dialysis and pre-dialysis space, and if we are unable to successfully adapt to these dynamics, it could have a material adverse impact on our business, results of operations, financial condition and cash flows. As an example, new entrants are aggressively pursuing opportunities to participate in the new CMMI payment models or otherwise establish value-based care programs, and increasing investment in and availability of funding to new entrants in the dialysis and pre-dialysis marketplace that are not subject to the same regulatory restrictions as the Company, could adversely impact our ability to enter into competitive arrangements.

Each of the aforementioned competitive pressures and related risks may be impacted by a continued decline in the rate of growth of the ESRD patient population, higher mortality rates for dialysis patients or other reductions in demand for dialysis treatments, whether due to the development of innovative technologies or otherwise. The recent 2022 annual data report from the United States Renal Data System (USRDS) suggests that the rate of growth of the ESRD patient population is declining relative to long-term trends. A number of factors may impact ESRD growth rates, including, without limitation, the aging of the U.S. population, incidence rates for diseases that cause kidney failure such as diabetes and hypertension, transplant rates, mortality rates for dialysis patients or CKD patients and growth rates of minority populations with higher than average incidence rates of ESRD. Certain of these factors, in particular the mortality rates for dialysis patients, have been impacted by the COVID-19 pandemic. The magnitude of these cumulative COVID-19 related impacts on our patient census and treatment volumes has been material and depending on the ultimate severity and duration of the pandemic, could continue to be material. While we have continued efforts to seek growth opportunities, such as by expanding our business into various international markets, we face ongoing competition from large and medium-sized providers, among others, for acquisition targets in those markets. Providers may reduce pricing in an attempt to capture more volume in the face of declining ESRD patient growth. Any failure on our part to appropriately adjust our business and operations in light of these complicated marketplace dynamics could have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

If we are not able to effectively compete in the markets in which we operate, including by implementing our growth strategy, effectively adjusting our business and operations in light of evolving marketplace dynamics, building or retaining our patient population, maintaining and developing relationships with nephrologists and hospitals, particularly medical director relationships, or making acquisitions at the desired pace or at all; if we are not able to continue to maintain the expected or desired level of non-acquired growth; or if we experience significant patient attrition either as a result of new business activities in the dialysis or pre-dialysis space by our existing competitors, other market participants, new entrants, new technology or other forms of competition, or as a result of reductions in demand for dialysis treatments, including, without limitation, due to increased mortality rates for dialysis patients resulting from COVID-19 or otherwise, reduced prevalence of ESRD, the development of innovative technologies or an increase in the number of kidney transplants, it could materially adversely affect our business, results of operations, financial condition and cash flows.

The U.S. integrated kidney care, U.S. other ancillary services and international operations that we operate or invest in now or in the future may generate losses and may ultimately be unsuccessful. In the event that one or more of these activities is unsuccessful, our business, results of operations, financial condition and cash flows may be negatively impacted and we may have to write off our investment and incur other exit costs.

Our U.S. integrated kidney care and U.S. other ancillary services are subject to many of the same risks, regulations and laws, as described in the risk factors related to our dialysis business set forth in Part I, Item 1A. of this Form 10-K, and are also subject to additional risks, regulations and laws specific to the nature of the particular strategic initiative. We have added, and expect to continue to add additional service offerings to our business and pursue additional strategic initiatives in the future as circumstances warrant, which could include healthcare products or services not directly related to dialysis. Many of these initiatives require or would require investments of both management and financial resources and can generate significant losses for a substantial period of time and may not become profitable in the expected timeframe or at all. There can be no assurance that any such strategic initiative will ultimately be successful. Any significant change in market conditions or business performance, including, without limitation, as a result of the COVID-19 pandemic, or in the political, legislative or regulatory environment, may impact the performance or economic viability of any of these strategic initiatives.

If any of our U.S. integrated kidney care, U.S. ancillary services or international operations are unsuccessful, it may have a negative impact on our business, results of operations, financial condition and cash flows, and if we determine to exit that line of business we may incur significant termination costs. For discussion of risks and potential impacts specific to our integrated kidney care business and related growth strategy, see the risk factor under the heading "*If we are not able to successfully implement our strategy with respect to our integrated kidney care and value-based care initiatives...*" In addition, we may incur material write-offs or impairments of our investments, including, without limitation, goodwill or other assets, in one or more of our U.S. integrated kidney care, U.S. ancillary services or international operations. In that regard, we have taken, and may in the future take, impairment and restructuring charges in addition to those described above related to our U.S. integrated kidney care, U.S. ancillary services and international operations, including, without limitation, in our prior pharmacy businesses.

Expansion of our operations to and offering our services in markets outside of the U.S., and utilizing third-party suppliers and service providers operating outside of the U.S., subjects us to political, economic, legal, operational and other risks that could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation.

We are continuing to expand our operations by offering our services and entering new lines of business in certain markets outside of the U.S., and we have increased our utilization of third-party suppliers and service providers operating outside of the U.S., which increases our exposure to the inherent risks of doing business in international markets. Depending on the market, these risks include those relating to:

- changes in the local economic environment including, among other things, labor cost increases and other general inflationary pressures;
- political instability, armed conflicts or terrorism;
- public health crises, such as pandemics or epidemics, including the COVID-19 pandemic;
- social changes;
- intellectual property legal protections and remedies;
- trade regulations;
- procedures and actions affecting approval, production, pricing, reimbursement and marketing of products and services;

- foreign currency;
- additional U.S. and foreign taxes;
- export controls;
- antitrust and competition laws and regulations;
- lack of reliable legal systems which may affect our ability to enforce contractual rights;
- changes in local laws or regulations, or interpretation or enforcement thereof;
- potentially longer ramp-up times for starting up new operations and for payment and collection cycles;
- financial and operational, and information technology systems integration;
- failure to comply with U.S. laws, such as the FCPA, or local laws that prohibit us, our partners, or our partners' or our agents or intermediaries from making improper payments to foreign officials or any third party for the purpose of obtaining or retaining business; and
- data and privacy restrictions, among other things.

Issues relating to the failure to comply with applicable non-U.S. laws, requirements or restrictions may also impact our domestic business and/or raise scrutiny on our domestic practices.

Additionally, some factors that will be critical to the success of our international business and operations will be different than those affecting our domestic business and operations. For example, conducting international operations requires us to devote significant management resources to implement our controls and systems in new markets, to comply with local laws and regulations, including to fulfill financial reporting and records retention requirements among other things, and to overcome the numerous new challenges inherent in managing international operations, including, without limitation, challenges based on differing languages and cultures, challenges related to establishing clinical operations in differing regulatory and compliance environments, and challenges related to the timely hiring, integration and retention of a sufficient number of skilled personnel to carry out operations in an environment with which we are not familiar.

Any expansion of our international operations through acquisitions or through organic growth could increase these risks. Additionally, while we may invest material amounts of capital and incur significant costs in connection with the growth and development of our international operations, including to start up or acquire new operations, we may not be able to operate them profitably on the anticipated timeline, or at all.

These risks could have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

Failing to effectively maintain, operate or upgrade our information systems or those of third-party service providers upon which we rely, including, without limitation, our clinical, billing and collections systems, or failure to adhere to federal and state data sharing and access requirements and regulations could materially adversely affect our business, results of operations, financial condition, cash flows and reputation.

Our business depends significantly on effective information systems. Our information systems require an ongoing commitment of significant resources to maintain, upgrade and enhance existing systems and develop or contract for new systems in order to keep pace with continuing changes in information processing technology, emerging cybersecurity risks and threats, evolving industry, legal and regulatory standards and requirements, new models of care, and other changes in our business, among other things. For example, the provisions related to data interoperability, information blocking, and patient access in the Cures Act and No Surprises Act include, among other things, changes to the Office of the National Coordinator for Health Information Technology's (ONC's) Health IT Certification Program and requirements that CMS-regulated payors make relevant claims/care data and provider directory information available through standardized patient access and provider directory application programming interfaces (APIs) that connect to provider electronic health records. We have made and expect to continue to make significant investments in updating and integrating our clinical IT systems and continuing to build our data interoperability capabilities. Any failure to adequately comply with these and other provisions related to data interoperability, information blocking, and patient access may, among other things, result in fines and sanctions, adversely impact our Medicare business, our ability to scale our integrated care business and our ability to compete with certain smaller and/or non-traditional providers taking advantage of an asymmetrical environment with respect to data and/or regulatory requirements given our status as an ESRD service provider; or otherwise have a material adverse effect on our business,

financial condition, results of operations and cash flows. Rulemaking in these areas is ongoing, and there can be no assurances that the implementation of planned enhancements to our systems, such as our implementation of these data interoperability provisions or our other ongoing efforts to upgrade and better integrate our clinical systems, will be successful once the regulatory environment settles or that we will ultimately realize anticipated benefits from investments in new or existing information systems. In addition, we may from time to time obtain significant portions of our systems-related support, technology or other services from independent third parties, which may make our operations vulnerable if such third parties fail to perform adequately.

Failure to successfully implement, operate and maintain effective and efficient information systems with adequate technological capabilities, deficiencies or defects in the systems and related technology, or our failure to efficiently and effectively implement ongoing system upgrades or consolidate our information systems to eliminate redundant or obsolete applications, could result in increased legal and compliance risks and competitive disadvantages, among other things, which could have a material adverse effect on our business, financial condition, results of operations and reputation. For additional information on the risks we face in a highly competitive market, see the risk factor under the heading, *"If we are unable to compete successfully..."* If the information we rely upon to run our business was found to be inaccurate or unreliable or if we or third parties on which we rely fail to adequately maintain information systems and data integrity effectively, whether due to software deficiencies, human coding or implementation error or otherwise, we could experience difficulty meeting clinical outcome goals, face regulatory problems, including sanctions and penalties, incur increases in operating expenses or suffer other adverse consequences, any of which could be material. Moreover, failure to adequately protect and maintain the integrity of our information systems (including our networks) and data, or information systems and data hosted by third parties upon which we rely, could subject us to severe consequences as described in the risk factor under the heading *"Privacy and information security laws are complex..."*

Our billing systems, among others, are critical to our billing operations. This includes our systems for our dialysis clinics as well as our systems for our ancillary businesses including hospital services. If there are defects in our billing systems, or billing systems or services of third parties upon which we rely, we may experience difficulties in our ability to successfully bill and collect for services rendered, including, without limitation, a delay in collections, a reduction in the amounts collected, increased risk of retractions from and refunds to commercial and government payors, an increase in our provision for uncollectible accounts receivable and noncompliance with reimbursement laws and related requirements, any or all of which could materially adversely affect our results of operations.

In the clinical environment, a failure of our clinical systems, or the systems of our third-party service providers, to operate effectively could have a material adverse effect on our business, the clinical care provided to patients, results of operations, financial condition and cash flows. For example, in connection with claims for which at least part of the government's payments to us is based on clinical performance or patient outcomes or co-morbidities, if relevant clinical systems fail to accurately capture the data we report to CMS or we otherwise have data integrity issues with respect to the reported information, this could impact our payments from government payors.

Additionally, we expect the highly competitive environment in which we operate to become increasingly more competitive as the market evolves and new technologies are introduced. This dynamic environment requires continuous investment in new technologies and clinical applications. Machine learning and artificial intelligence are increasingly driving innovations in technology, and parts of our operations may employ robotics. If these technologies or applications fail to operate as anticipated or do not perform as specified, including due to potential design defects and defects in the development of algorithms or other technologies, human error or otherwise, our clinical operations, business and reputation may be harmed. If we are unable to successfully maintain, enhance or operate our information systems, including through the implementation of such technologies or applications in our clinical operations and laboratory, we may be, among other things, unable to efficiently adapt to evolving laws and requirements, unable to remain competitive with others who successfully implement and advance this technology, subject to increased risk under existing laws, regulations and requirements that apply to our business, and our patients' safety may be adversely impacted, any of which could have a material adverse impact on our business, results of operations and financial condition and could materially harm our reputation. For additional detail, see the discussion in the risk factor under the heading *"Our business is subject to a complex set of governmental laws, regulations and other requirements..."*

We may engage in acquisitions, mergers, joint ventures, noncontrolling interest investments, or dispositions, which may materially affect our results of operations, debt-to-capital ratio, capital expenditures or other aspects of our business, and, under certain circumstances, could have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

Our business strategy includes growth through acquisitions of dialysis centers and other businesses, as well as through entry into joint ventures. We may engage in acquisitions, mergers, joint ventures or dispositions or expand into new business lines or models, which may affect our results of operations, debt-to-capital ratio, capital expenditures or other aspects of our

business. For example, in 2022 we entered into an agreement with Medtronic, Inc. and one of its subsidiaries (collectively, Medtronic) to form a new, independent kidney care-focused medical device company (NewCo). The transaction is expected to close in 2023, subject to customary closing conditions and regulatory approvals, and is expected to require us to make significant cash investments to help fund the business and fund additional consideration to Medtronic in certain circumstances. See the discussion under "*Off-balance sheet arrangements and aggregate contractual obligations*" in Part II, Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

There can be no assurance that we will be able to identify suitable acquisition or joint venture targets or merger partners or buyers for dispositions or that, if identified, we will be able to agree to acceptable terms or on the desired timetable. There can also be no assurance that we will be successful in completing any acquisitions, joint ventures, mergers or dispositions that we announce, executing new business lines or models or integrating any acquired business into our overall operations. There is no guarantee that we will be able to operate acquired businesses successfully as stand-alone businesses, or that any such acquired business will operate profitably or will not otherwise have a material adverse effect on our business, results of operations, financial condition and cash flows or materially harm our reputation. In addition, acquisition, merger or joint venture activity conducted as part of our overall growth strategy is subject to antitrust and competition laws, and antitrust regulators can investigate future (or pending) and consummated transactions. These laws could impact our ability to pursue these transactions, and under certain circumstances, could result in mandated divestitures, among other things. If a proposed transaction or series of transactions is subject to challenge under antitrust or competition laws, we may incur substantial legal costs, management's attention and resources may be diverted, and if we are found to have violated these or other related laws, regulations or requirements, we could suffer severe consequences that could have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation and stock price. For additional detail, see the risk factor under the heading "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*" Further, we cannot be certain that key talented individuals at the business being acquired will continue to work for us after the acquisition or that they will be able to continue to successfully manage or have adequate resources to successfully operate any acquired business. In addition, certain of our acquired dialysis centers and facilities have been in service for many years, which may result in a higher level of maintenance costs. Further, our facilities, equipment and information technology may need to be improved or renovated to maintain or increase operational efficiency, compete for patients and medical directors, or meet changing regulatory requirements. Increases in maintenance costs and/or capital expenditures could have, under certain circumstances, a material adverse effect on our business, results of operations, financial condition and cash flows.

Businesses we acquire may have unknown or contingent liabilities or liabilities that are in excess of the amounts that we originally estimated, and may have other issues, including, without limitation, those related to internal control over financial reporting or issues that could affect our ability to comply with healthcare laws and regulations and other laws applicable to our expanded business, which could harm our reputation. As a result, we cannot make any assurances that the acquisitions we consummate will be successful. Although we generally seek indemnification from the sellers of businesses we acquire for matters that are not properly disclosed to us, we are not always successful. In addition, even in cases where we are able to obtain indemnification, we may discover liabilities greater than the contractual limits, the amounts held in escrow for our benefit (if any), or the financial resources of the indemnifying party. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification or alternative remedies that might be available to us, or any applicable insurance, we could suffer severe consequences that would have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

In addition, under the terms of the equity purchase agreement for the DMG sale (the DMG sale agreement), we agreed to certain indemnification obligations, including with respect to claims for breaches of our representations and warranties regarding compliance with law, litigation, absence of undisclosed liabilities, employee benefit matters, labor matters, or taxes, among others, and other claims for which we provided the buyer with a special indemnity. As a result, we may become obligated to make payments to the buyer relating to our previous ownership and operation of the DMG business. Any such post-closing liabilities and required payments under the DMG sale agreement, or otherwise, or in connection with any other past or future disposition of material assets or businesses could individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

Additionally, joint ventures or noncontrolling interest investments, including, without limitation, our Asia Pacific joint venture, inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational and/or compliance risks associated with the joint venture or noncontrolling interest investment. In addition, we may be dependent on joint venture partners, controlling shareholders or management who may have business interests, strategies or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partner, controlling shareholders or management may require us to make capital contributions or necessitate other payments, result in litigation or regulatory action against us, result in reputational harm to us or adversely affect the value of our investment or partnership, among other things. In addition, we have potential obligations to purchase the interests held by third parties in

many of our joint ventures as a result of put provisions that are exercisable at the third party's discretion within specified time periods, pursuant to the applicable agreement. If these put provisions were exercised, we would be required to purchase the third party owner's equity interest, generally at the appraised market value. There can be no assurances that these joint ventures and/or noncontrolling interest investments, including, without limitation, our Asia Pacific joint venture, ultimately will be successful.

If our joint ventures were found to violate the law, we could suffer severe consequences that would have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

As of December 31, 2022, we owned a controlling interest in numerous dialysis-related joint ventures, which represented approximately 28% of our U.S. dialysis revenues for the year ended December 31, 2022. In addition, we also owned noncontrolling equity investments in several other dialysis related joint ventures. We expect to continue to increase the number of our joint ventures. Many of our joint ventures with physicians or physician groups also have certain physician owners providing medical director services to centers we own and operate. Because our relationships with physicians are governed by the federal and state anti-kickback statutes, we have sought to structure our joint venture arrangements to satisfy as many federal safe harbor requirements as we believe are commercially reasonable. Our joint venture arrangements do not satisfy all of the elements of any safe harbor under the federal Anti-Kickback Statute, however, and therefore are susceptible to government scrutiny. Additionally, our joint ventures and minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational and/or compliance risks associated with the joint venture or minority investment. If our joint ventures are found to violate applicable laws or regulations, we could suffer severe consequences that would have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation. For additional information on these risks, see the risk factors under the headings "*Our business is subject to a complex set of governmental laws, regulations and other requirements...*;" and "*We may engage in acquisitions, mergers, joint ventures, noncontrolling interest investments, or dispositions...*"

Our aspirations, goals and disclosures related to environmental, social and governance (ESG) matters expose us to numerous risks, including without limitation risks to our reputation and stock price.

We have a longstanding ESG program and have engaged with key stakeholders to develop ESG focus areas and to set ESG-related goals, many of which are aspirational. We have set and disclosed these focus areas, goals and related objectives as part of our continued commitment to ESG matters, but our goals and objectives reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our efforts to accomplish and accurately report on these goals and objectives present numerous operational, reputational, financial, legal and other risks, certain of which are outside of our control, and could have, under certain circumstances, a material adverse impact on us, including on our reputation and stock price. Examples of such risks include, among others: the availability and cost of low- or non-carbon-based energy sources and technologies for us and our vendors, evolving regulatory requirements affecting ESG standards, frameworks and disclosures, including evolving standards for measuring and reporting on related metrics, the availability of suppliers that can meet our sustainability and other standards, our ability to recruit, develop and retain diverse talent in our labor markets, and our ability to grow our home based dialysis business.

If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation, our ability to attract or retain employees and our attractiveness as an investment, business partner or acquirer could be negatively impacted. Similarly, our failure or perceived failure to adequately pursue or fulfill our goals and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to other risks, which under certain circumstances could be material. If we are not able to adequately recognize and respond to the rapid and ongoing developments and governmental and social expectations relating to ESG matters, this failure could result in missed corporate opportunities, additional regulatory, social or other scrutiny of us, the imposition of unexpected costs, or damage to our reputation with governments, patients, teammates, third parties and the communities in which we operate, which in turn could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common stock to decline.

There are significant risks associated with estimating the amount of dialysis revenues and related refund liabilities that we recognize, and if our estimates of revenues and related refund liabilities are materially inaccurate, it could impact the timing and the amount of our revenues recognition or have a material adverse effect on our business, results of operations, financial condition and cash flows.

There are significant risks associated with estimating the amount of U.S. dialysis net patient services revenues and related refund liabilities that we recognize in a reporting period. The billing and collection process is complex due to ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage and other payor

issues, such as ensuring appropriate documentation. Determining applicable primary and secondary coverage for approximately 199,400 U.S. patients at any point in time, together with the changes in patient coverage that occur each month, requires complex, resource-intensive processes. Errors in determining the correct coordination of benefits may result in refunds to payors. Revenues associated with Medicare and Medicaid programs are also subject to estimating risk related to the amounts not paid by the primary government payor that will ultimately be collectible from other government programs paying secondary coverage, the patient's commercial health plan secondary coverage or the patient. Collections, refunds and payor retractions typically continue to occur for up to three years and longer after services are provided. We generally expect our range of U.S. dialysis patient services revenues estimating risk to be within 1% of revenues for the segment. If our estimates of U.S. dialysis patient services revenues and related refund liabilities are materially inaccurate, it could impact the timing and the amount of our revenues recognition and have a material adverse impact on our business, results of operations, financial condition and cash flows.

General Risk Factors

The level of our current and future debt could have an adverse impact on our business, and our ability to generate cash to service our indebtedness and for other intended purposes and our ability to maintain compliance with debt covenants depends on many factors beyond our control.

We have a substantial amount of indebtedness outstanding and we may incur substantial additional indebtedness in the future, including indebtedness incurred to finance repurchases of our common stock pursuant to our share repurchase authorization discussed under "Stock Repurchases" in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations." As described in Note 13 to the consolidated financial statements included in this report, we are party to a senior secured credit agreement (the Credit Agreement), which consists of an up to \$1 billion secured revolving line of credit, a secured term loan A facility and a secured term loan B-1 facility. Our long-term indebtedness also includes \$4.250 billion aggregate principal amount of senior notes.

Our senior secured credit facilities bear, and other indebtedness we may incur in the future may bear, interest at a variable rate. As a result, at any given time interest rates on the senior secured credit facilities and any other variable rate debt could be higher or lower than current levels. If interest rates increase, our debt service obligations on our variable rate indebtedness will increase even though the amount borrowed remains the same, and therefore net income and associated cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

Our indebtedness levels and the required payments on such indebtedness may also be impacted by developments related to LIBOR replacement. The variable interest rates payable under our senior secured credit facilities have historically been linked to LIBOR as the benchmark for establishing such rates. We expect that the LIBOR benchmark will cease to exist after June 30, 2023. Our senior secured credit facilities include mechanics to facilitate the adoption by us and our lenders of an alternative benchmark rate for use in place of LIBOR and through this mechanism or other amendments or agreements with our lenders we expect to reference a replacement index that measures the cost of borrowing cash overnight, backed by U.S. Treasury securities (Secured Overnight Financing Rate or SOFR) or a variation thereof; however, no assurance can be made that we and our lenders, or any lenders in a subsequent refinancing of our credit facilities, will agree on such an alternative rate and, even if agreed upon, such alternative rate may not perform in a manner similar to LIBOR and may result in interest rates that are higher or lower than those that would have resulted had LIBOR remained in effect, which could impact our cost of capital.

Our ability to make payments on our indebtedness, to fund planned capital expenditures and expansion efforts, including, without limitation, any strategic acquisitions or investments we may make in the future, to repurchase our stock at the levels intended or announced and to meet our other liquidity needs such as for working capital or capital expenditures, will depend on our ability to generate cash. This depends not only on the success of our business but is also subject to economic, financial, competitive, regulatory and other factors that are beyond our control. We cannot provide assurances that our business will generate sufficient cash flows from operations in the future or that future borrowings will be available to us in amounts sufficient to enable us to service our indebtedness or to fund our working capital and other liquidity needs, including those described above. If we are unable to generate sufficient funds to service our outstanding indebtedness or to meet our working capital or other liquidity needs, including those described above, we would be required to refinance, restructure, or otherwise amend some or all of such indebtedness, sell assets, change or reduce our intended or announced uses or strategy for capital deployment, including, without limitation, for stock repurchases, reduce capital expenditures, planned expansions or other strategic initiatives, or raise additional cash through the sale of our equity or equity-related securities. We cannot make any assurances that any such refinancing, restructurings, amendments, sales of assets, or issuances of equity or equity-related securities can be accomplished or, if accomplished, will be on favorable terms or would raise sufficient funds to meet these obligations or our other liquidity needs.

In addition, we may continue to incur indebtedness in the future, and the amount of that additional indebtedness may be substantial. Although the Credit Agreement includes covenants that could limit our indebtedness, we currently have, and expect to continue to have, the ability to incur substantial additional debt. The risks described in this risk factor could intensify as new debt is added to current debt levels or if we incur any new debt obligations that subject us to restrictive covenants that limit our financial and operational flexibility. Any breach or failure to comply with any of these covenants could result in a default under our indebtedness. Other risks related to our ability to generate sufficient cash to service our indebtedness and for other intended purposes, include, for example:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- expose us to interest rate volatility that could adversely affect our business, results of operations, financial condition and cash flows, and our ability to service our indebtedness;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds, or to refinance existing debt on favorable terms when otherwise available or at all.

Any failure to pay any of our indebtedness when due or any other default under our credit facilities or our other indebtedness could have a material adverse effect on our business, results of operations, financial condition and cash flows, and could trigger cross default or cross acceleration provisions in our other debt instruments, thereby permitting the holders of that other indebtedness to demand immediate repayment or cease to make future extensions of credit, and, in the case of secured indebtedness, to take possession of and sell the collateral securing such indebtedness to satisfy our obligations.

The borrowings under our senior secured credit facilities and senior indentures are guaranteed by certain of our domestic subsidiaries, and borrowings under our senior secured credit facilities are secured by substantially all of our and certain of our domestic subsidiaries' assets. Such guarantees and the fact that we have pledged such assets may make it more difficult and expensive for us to make, or under certain circumstances could effectively prevent us from making, additional secured and unsecured borrowings.

We could be subject to adverse changes in tax laws, regulations and interpretations or challenges to our tax positions.

We are subject to tax laws and regulations of the U.S. federal, state and local governments as well as various foreign jurisdictions. We compute our income tax provision based on enacted tax rates in the jurisdictions in which we operate. As the tax rates vary among jurisdictions, a change in earnings attributable to the various jurisdictions in which we operate could result in a change in our overall tax provision.

Changes in tax laws or regulations may be proposed or enacted that could adversely affect our overall tax liability. There can be no assurance that changes in tax laws or regulations, both within the domestic and foreign jurisdictions in which we operate, will not materially and adversely affect our effective tax rate, tax payments, results of operations, financial condition and cash flows. Similarly, changes in tax laws and regulations that impact our patients, business partners and counterparties or the economy may also impact our results of operations, financial condition and cash flows.

In addition, tax laws and regulations are complex and subject to varying interpretations, and any significant failure to comply with applicable tax laws and regulations in all relevant jurisdictions could give rise to material penalties and liabilities. We are regularly subject to audits by various tax authorities. For example, our current audits include an audit by the Internal Revenue Service for the years 2016–2017, and it is possible that the final determination of this and any other tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. Any changes in enacted tax laws, rules or regulatory or judicial interpretations; any adverse development or outcome in connection with tax audits in any jurisdiction; or any change in the pronouncements relating to accounting for income taxes could materially and adversely impact our effective tax rate, tax payments, results of operations, financial condition and cash flows.

The effects of natural or other disasters, political instability, public health crises or adverse weather events such as hurricanes, earthquakes, fires or flooding could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Some of our operations, including our clinical laboratory, dialysis centers and other facilities, may be adversely impacted by the effects of natural or other disasters, political instability, public health crises such as global pandemics or epidemics, including the COVID-19 pandemic, or adverse weather events such as hurricanes, earthquakes, fires or flooding. Each of these effects and risks may be further intensified by the increasing impact of climate change on a global scale. In addition, these risks

are particularly heightened for our patients in part because individuals with chronic illness may be more susceptible to the adverse effects of epidemics or other public health crises and also because any natural or other disaster, political instability or adverse weather event that disrupts or limits the operation of any of our centers or other facilities or services may delay or otherwise impact the critical services we provide to dialysis patients. Further, any such event or other occurrence that results in a failure of the fitness of our clinical laboratory, dialysis centers and related operations and/or other facilities or otherwise adversely impacts the safety of our teammates or patients at any of those locations could lead us to face adverse consequences, including, without limitation, the potential loss of data, including PHI or PII, compliance or regulatory investigations, any of which could materially impact our business, results of operations and financial condition, and could materially harm our reputation. For example, our clinical laboratory is located in Florida, a state that has in the past experienced and may in the future experience hurricanes. Natural or other disasters or adverse weather events could significantly damage or destroy our facilities, disrupt operations, increase our costs to maintain operations and require substantial expenditures and recovery time to fully resume operations. In addition, as the effects of climate change progressively surface, such as through potential increases in the frequency and intensity of natural or other disasters or adverse weather events or through laws or regulations adopted in response, we may face increased costs associated with operating our clinics, including, without limitation, with respect to supplies of water or energy costs.

Our presence in markets outside the U.S. may increase our exposure to these and similar risks related to natural disasters, public health crises, political instability, climate change or other catastrophic events outside our control. For additional information regarding the risks related to our international business, see the discussion in the risk factor under the heading "*Expansion of our operations to and offering our services in markets outside of the U.S....*"

Any or all of these factors, as well as other consequences of these events, none of which we can currently predict, could have a material adverse effect on our business, results of operations, financial condition and cash flows or materially harm our reputation.

We may be subject to liability claims for damages and other expenses that are not covered by insurance or exceed our existing insurance coverage that could have a material adverse effect on our business, results of operations, financial condition and cash flows and could materially harm our reputation.

Our operations and how we manage our business may subject us, as well as our officers and directors to whom we owe certain defense and indemnity obligations, to litigation and liability. Our business, profitability and growth prospects could suffer if we face negative publicity or we pay damages or defense costs in connection with a claim that is outside the scope or limits of coverage of any applicable insurance coverage, including, without limitation, claims related to adverse patient events, cybersecurity incidents, contractual disputes, antitrust and competition laws and regulations, professional and general liability and directors' and officers' duties. In addition, we have received notices of claims from commercial payors and other third parties, as well as subpoenas and civil investigative demands from the federal government, related to our business practices, including, without limitation, our historical billing practices and the historical billing practices of acquired businesses. Although the ultimate outcome of these claims cannot be predicted, an adverse result with respect to one or more of these claims could have a material adverse effect on our business, results of operations, financial condition and cash flows, and could materially harm our reputation. We maintain insurance coverage for those risks we deem are appropriate to insure against and make determinations about whether to self-insure as to other risks or layers of coverage. However, a successful claim, including, without limitation, a professional liability, malpractice or negligence claim or a claim related to antitrust and competition laws or a cybersecurity incident, which is in excess of any applicable insurance coverage, that is outside the scope or limits of any applicable insurance coverage, or that is subject to our self-insurance retentions, could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation.

In addition, if our costs of insurance and claims increase, then our earnings could decline. Market rates for insurance premiums and deductibles have been steadily increasing. Our business, results of operations, financial condition and cash flows could be materially and adversely affected by any of the following:

- the collapse or insolvency of our insurance carriers;
- further increases in premiums and deductibles;
- increases in the number of liability claims against us or the cost of settling or trying cases related to those claims;
- obtaining insurance with exclusions for things such as communicable diseases; or
- an inability to obtain one or more types of insurance on acceptable terms, if at all.

If we fail to successfully maintain an effective internal control over financial reporting, the integrity of our financial reporting could be compromised, which could have a material adverse effect on our ability to accurately report our financial results, the market's perception of our business and our stock price.

The integration of acquisitions and addition of new business lines into our internal control over financial reporting has required and will continue to require significant time and resources from our management and other personnel and has increased, and is expected to continue to increase, our compliance costs. Failure to maintain an effective internal control environment could have a material adverse effect on our ability to accurately report our financial results, the market's perception of our business and our stock price. In addition, we could be required to restate our financial results in the event of a significant failure of our internal control over financial reporting or in the event of inappropriate application of accounting principles.

Provisions in our organizational documents, our compensation programs and policies and certain requirements under Delaware law may deter changes of control and may make it more difficult for our stockholders to change the composition of our Board of Directors and take other corporate actions that our stockholders would otherwise determine to be in their best interests.

Our organizational documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in our management, or limit the ability of our stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting our stockholders from acting by written consent, advance notice requirements for director nominations and stockholder proposals and granting our Board of Directors the authority to issue preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval.

Most of our outstanding employee stock-based compensation awards include a provision accelerating the vesting of the awards in the event of a change of control. These and any other change of control provisions may affect the price an acquirer would be willing to pay for our Company.

We are also subject to Section 203 of the Delaware General Corporation Law that, subject to exceptions, prohibits us from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder.

The provisions described above may discourage, delay or prevent an acquisition of our Company at a price that our stockholders may find attractive. These provisions could also make it more difficult for our stockholders to elect directors and take other corporate actions and could limit the price that investors might be willing to pay for shares of our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located in Denver, Colorado, consisting of one owned 240,000 square foot building and one leased 345,900 square foot location. Our headquarters are occupied by teammates engaged in management, finance, marketing, strategy, legal, compliance and other administrative functions. We lease six business offices located in California, Pennsylvania, Tennessee, and Washington in the U.S. In addition, our international headquarters is located in the United Kingdom and consists of one leased business office. Our laboratory is based in Florida where we operate our lab services out of one leased building. We also lease other administrative offices in the U.S. and worldwide.

The vast majority of our U.S. outpatient dialysis centers are located on premises that we lease. We regularly own an insignificant population of properties for development, including operating outpatient dialysis centers and properties we hold for sale.

The majority of our leases for our U.S. dialysis business cover periods from five years to 15 years and typically contain renewal options of five years to ten years at the fair rental value at the time of renewal. Our leases are generally subject to fixed escalation clauses, or contain consumer price index increases. Our outpatient dialysis centers range in size from approximately 1,000 to 33,000 square feet, with an average size of approximately 7,800 square feet. Our international leases generally range from one to ten years.

Some of our outpatient dialysis centers are operating at or near capacity. However, we believe that we have adequate capacity within most of our existing dialysis centers to accommodate additional patient volume through increased hours and/or days of operation, or, if additional space is available within an existing facility, by adding dialysis stations. We can usually

relocate existing centers to larger facilities or open new centers if existing centers reach capacity. With respect to relocating centers or building new centers, we believe that we can generally lease space at economically reasonable rates in the areas planned for each of these centers, although there can be no assurances in this regard. Expansion of existing centers or relocation of our dialysis centers is subject to review for compliance with conditions relating to participation in the Medicare ESRD program, among other things. In states that require a certificate of need or center license, additional approvals would generally be necessary for expansion or relocation.

Item 3. Legal Proceedings.

The information required by this Part I, Item 3 is incorporated herein by reference to the information set forth under the caption "*Contingencies*" in Note 16 to the consolidated financial statements included in this report.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange under the symbol DVA. The closing price of our common stock on January 31, 2023 was \$82.39 per share. According to Computershare, our registrar and transfer agent, as of January 31, 2023, there were 6,987 holders of record of our common stock. This figure does not include the indeterminate number of beneficial holders whose shares are held of record by brokerage firms and clearing agencies.

Our initial public offering was in 1994, and we have not declared or paid cash dividends to holders of our common stock since going public. We have no current plans to pay cash dividends and there are certain limitations on our ability to pay dividends under the terms of our senior secured credit facilities. See "*Liquidity and capital resources*" under Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the notes to the consolidated financial statements.

Stock Repurchases

The following table summarizes our repurchases of our common stock during 2022:

| Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Approximate dollar value of shares that may yet be purchased under the plans or programs |
|--|----------------------------------|------------------------------|--|--|
| (dollars and shares in thousands, except per share data) | | | | |
| January 1 - March 31, 2022 | 2,104 | \$ 110.90 | 2,104 | \$ 2,150,621 |
| April 1 - June 30, 2022 | 3,869 | 95.56 | 3,869 | \$ 1,780,881 |
| July 1 - September 30, 2022 | 2,122 | 87.10 | 2,122 | \$ 1,596,085 |
| October 1 - December 31, 2022 | — | — | — | \$ 1,596,085 |
| Total | 8,095 | \$ 97.33 | 8,095 | |

Effective on December 10, 2020, the Board terminated all remaining prior share repurchase authorizations available to the Company and approved a new share repurchase authorization of \$2.0 billion. Effective on December 17, 2021, the Board increased the Company's existing authorization by \$2.0 billion. We are authorized to make purchases from time to time in the open market or in privately negotiated transactions, including without limitation, through accelerated share repurchase transactions, derivative transactions, tender offers, Rule 10b5-1 plans or any combination of the foregoing, depending upon market conditions and other considerations.

As of February 22, 2023, we have a total of \$1.596 billion available under the current repurchase authorization for additional share repurchases. Although this share repurchase authorization does not have an expiration date, we remain subject to share repurchase limitations, including under the terms of our senior secured credit facilities.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.*Forward-looking statements*

This Annual Report on Form 10-K, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains statements that are forward-looking statements within the meaning of the federal securities laws and as such are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. These forward-looking statements could include, among other things, DaVita's response to and the expected future impacts of the coronavirus (COVID-19), including statements about our balance sheet and liquidity, our expenses and expense offsets, revenues, billings and collections, availability or cost of supplies, treatment volumes, mix expectation, such as the percentage or number of patients under commercial insurance, the availability, acceptance, impact, administration and efficacy of COVID-19 vaccines, treatments and therapies, the continuing impact on the U.S. and global economies, labor market conditions, and overall impact on our patients and teammates, as well as other statements regarding our future operations, financial condition and prospects, expenses, strategic initiatives, government and commercial payment rates, expectations related to value-based care, integrated kidney care and Medicare Advantage (MA) plan enrollment and our ongoing stock repurchase program. All statements in this report, other than statements of historical fact, are forward-looking statements. Without limiting the foregoing, statements including the words "expect," "intend," "will," "could," "plan," "anticipate," "believe," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on DaVita's current expectations and are based solely on information available as of the date of this report. DaVita undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise, except as may be required by law. Actual future events and results could differ materially from any forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties. These risks and uncertainties include, among other things:

- the continuing impact of the COVID-19 pandemic, current macroeconomic and marketplace conditions, and global events, many of which are interrelated and which relate to, among other things, the impact of the COVID-19 pandemic on our patients, teammates, physician partners, suppliers, business, operations, reputation, financial condition and results of operations; the government's response to the ongoing pandemic; the pandemic's continuing impact on the U.S. and global economies, labor market conditions, interest rates, inflation and evolving monetary policies; the availability, acceptance, impact and efficacy of COVID-19 vaccines, treatments and therapies; further spread or resurgence of the virus, including as a result of the emergence of new strains of the virus; the continuing impact of the pandemic on our revenues and non-acquired growth due to lower treatment volumes; COVID-19's impact on the chronic kidney disease (CKD) population and our patient population including on the mortality of these patients; any potential negative impact on our commercial mix or the number of our patients covered by commercial insurance plans; continued increased COVID-19-related costs; our ability to successfully implement cost savings initiatives; supply chain challenges and disruptions; and elevated teammate turnover and training costs and higher salary and wage expense, including, among other things, increased contract wages, driven in part by persisting labor market conditions and a high demand for our clinical personnel, any of which may also have the effect of heightening many of the other risks and uncertainties discussed below, and in many cases, the impact of the pandemic and the aforementioned global economic conditions on our business may persist even after the pandemic subsides;
- the extent to which the ongoing implementation of healthcare reform, or changes in or new legislation, regulations or guidance, enforcement thereof or related litigation result in a reduction in coverage or reimbursement rates for our services, a reduction in the number of patients enrolled in or that select higher-paying commercial plans, including for example MA plans or other material impacts to our business or operations; or our making incorrect assumptions about how our patients will respond to any such developments;
- risks arising from potential changes in laws, regulations or requirements applicable to us, such as potential and proposed federal and/or state legislation, regulation, ballot, executive action or other initiatives, including without limitation those related to healthcare and/or labor matters;
- the concentration of profits generated by higher-paying commercial payor plans for which there is continued downward pressure on average realized payment rates; a reduction in the number or percentage of our patients under such plans, including, without limitation, as a result of restrictions or prohibitions on the use and/or availability of charitable premium assistance, which may result in the loss of revenues or patients, as a result of our making incorrect assumptions about how our patients will respond to any change in financial assistance from charitable organizations; or as a result of payors' implementing restrictive plan designs, including, without limitation, actions taken in response to the U.S. Supreme Court's decision in *Marietta Memorial Hospital Employee Health Benefit Plan, et al. v. DaVita Inc. et al.* ("Marietta"); how and whether regulators and legislators will

respond to the Marietta decision including, without limitation, whether they will issue regulatory guidance or adopt new legislation; how courts will interpret other anti-discriminatory provisions that may apply to restrictive plan designs; whether there could be other potential negative impacts of the Marietta decision; and the timing of each of these items;

- our ability to attract, retain and motivate teammates and our ability to manage operating cost increases or productivity decreases whether due to union organizing activities, legislative or other changes, demand for labor; volatility and uncertainty in the labor market, the current challenging and highly competitive labor market conditions, or other reasons;
- U.S. and global economic and marketplace conditions, interest rates, inflation, unemployment, labor market conditions, and evolving monetary policies, and our ability to respond to these challenging conditions, including among other things our ability to successfully identify cost savings opportunities and to implement cost savings initiatives such as ongoing initiatives that increase our use of third-party service providers to perform certain activities, initiatives that relate to clinic optimization and capacity utilization improvement, and procurement opportunities, among other things;
- our ability to successfully implement our strategies with respect to integrated kidney care and value-based care initiatives and home based dialysis in the desired time frame and in a complex, dynamic and highly regulated environment, including, among other things, maintaining our existing business; meeting growth expectations; recovering our investments; entering into agreements with payors, third party vendors and others on terms that are competitive and, as appropriate, prove actuarially sound; structuring operations, agreements and arrangements to comply with evolving rules and regulations; finding, training and retaining appropriate staff; and further developing our integrated care and other capabilities to provide competitive programs at scale;
- a reduction in government payment rates under the Medicare End Stage Renal Disease program, state Medicaid or other government-based programs and the impact of the Medicare Advantage benchmark structure;
- noncompliance by us or our business associates with any privacy or security laws or any security breach by us or a third party involving the misappropriation, loss or other unauthorized use or disclosure of confidential information;
- legal and compliance risks, such as our continued compliance with complex, and at times, evolving government regulations and requirements;
- the impact of the political environment and related developments on the current healthcare marketplace and on our business, including with respect to the Affordable Care Act, the exchanges and many other core aspects of the current healthcare marketplace, as well as the composition of the U.S. Supreme Court and the current presidential administration and congressional majority;
- changes in pharmaceutical practice patterns, reimbursement and payment policies and processes, or pharmaceutical pricing, including with respect to hypoxia inducible factors, among other things;
- our ability to develop and maintain relationships with physicians and hospitals, changing affiliation models for physicians, and the emergence of new models of care or other initiatives introduced by the government or private sector that, among other things, may erode our patient base and impact reimbursement rates;
- our ability to complete acquisitions, mergers, dispositions, joint ventures or other strategic transactions that we might announce or be considering, on terms favorable to us or at all, or to successfully integrate any acquired businesses, or to successfully operate any acquired businesses, joint ventures or other strategic transactions, or to successfully expand our operations and services in markets outside the United States, or to businesses or products outside of dialysis services;
- continued increased competition from dialysis providers and others, and other potential marketplace changes, including without limitation increased investment in and availability of funding to new entrants in the dialysis and pre-dialysis marketplace;
- the variability of our cash flows, including without limitation any extended billing or collections cycles; the risk that we may not be able to generate or access sufficient cash in the future to service our indebtedness or to fund our other liquidity needs; and the risk that we may not be able to refinance our indebtedness as it becomes due, on terms favorable to us or at all;

- *factors that may impact our ability to repurchase stock under our stock repurchase program and the timing of any such stock repurchases, as well as our use of a considerable amount of available funds to repurchase stock;*
- *risks arising from the use of accounting estimates, judgments and interpretations in our financial statements;*
- *impairment of our goodwill, investments or other assets;*
- *our aspirations, goals and disclosures related to environmental, social and governance (ESG) matters, including, among other things, evolving regulatory requirements affecting ESG standards, measurements and reporting requirements; the availability of suppliers that can meet our sustainability standards; and our ability to recruit, develop and retain diverse talent in our labor markets; and*
- *the other risk factors, trends and uncertainties set forth in Part I, Item 1A. of this Annual Report on Form 10-K, and the other risks and uncertainties discussed in any subsequent reports that we file or furnish with the SEC from time to time.*

The following should be read in conjunction with our consolidated financial statements.

Company overview

Our principal business is to provide dialysis and related lab services to patients in the United States, which we refer to as our U.S. dialysis business. We also operate our U.S. integrated kidney care (IKC) business, our U.S. other ancillary services, and our international operations, which we collectively refer to as our ancillary services, as well as our corporate administrative support. Our U.S. dialysis business is a leading provider of kidney dialysis services in the U.S. for patients suffering from chronic kidney failure, also known as end stage renal disease (ESRD) or end stage kidney disease (ESKD).

On June 19, 2019, we completed the sale of our prior DaVita Medical Group (DMG) business to Collaborative Care Holdings, LLC, a subsidiary of UnitedHealth Group Inc. The effects of the DMG sale have been reported in discontinued operations for all periods presented and DMG is not included below in this Management's Discussion and Analysis.

We continued to experience challenges related to the coronavirus pandemic (COVID-19) and certain interrelated macroeconomic developments and conditions which negatively impacted our year-over-year revenue and treatment volumes in 2022. We also incurred higher compensation expense and advocacy spend in 2022, as well as increases in severance costs and center closures costs as we continue to focus on cost savings initiatives. In addition, 2022 was negatively impacted by our increased investment in our integrated care support functions needed to support the IKC patient growth. These negative trends were partially offset by increased U.S. dialysis average patient services revenue per treatment and continued growth in international businesses. In addition our 2022 financial performance benefited from lower pharmaceutical unit costs and intensity, health benefits expenses and medical supply expense as compared to the prior year.

Operational and financial highlights for 2022 include, among other things:

- total U.S. dialysis revenue benefited from an increase in average patient services revenue per treatment growth of \$6.00 per treatment offset by a decrease in the number of treatments primarily due to increased mortality due to COVID-19's impact on our patient population;
- total revenue growth of 8.3% in our IKC business and 3.6% in our international operations;
- operating income of \$1,339 million and adjusted operating income of \$1,450 million;
- operating cash flows of \$1,565 million and free cash flows of \$817 million; and
- repurchase of 8,094,661 shares of our common stock for aggregate consideration of \$788 million, and a 7.1% reduction in our share count year-over-year.

Additional highlights include:

- net decrease of 91 U.S. dialysis centers to improve center capacity and utilization, as well as a net increase of 11 international dialysis centers from acquisitions;
- continued patient growth in IKC to 42,000 patients in risk-based integrated care arrangements and an additional 15,000 patients in other integrated care arrangements; and
- the continued impact of COVID-19 and other macroeconomic conditions.

In 2023, we expect that COVID-19 and certain macroeconomic conditions will continue to impact our business and financial performance though the cumulative magnitude of these impacts remains difficult to predict and subject to significant uncertainty due to a number of factors, as described in further detail below under the heading "*COVID-19, General Economic and Marketplace Conditions, and Legal and Regulatory Developments.*" On treatment volume, we continue to face pressure primarily driven by the impact of COVID-19 on the mortality rates of dialysis patients, as well as the direct and indirect impact of COVID-19 on our missed treatment rate and new admissions. We anticipate that this pressure also will be magnified by continued slowing industry growth and continued competitive activity in 2023. On reimbursement rate, we expect growth in aggregate, primarily due to the increase in Medicare payment rates under the ESRD Prospective Payment System as well as a continuing increase in anticipated Medicare Advantage enrollment due to the 21st Century Cures Act, partially offset by a full year of the resumption of Medicare sequestration. On cost, we continue to expect increasing pressure on wage rates and other costs due to the challenging labor market and inflationary conditions and increased severance costs as we focus on efficiencies in our administrative support functions partially offset by continued anticipated savings on pharmaceutical costs and a decrease in depreciation and amortization. We expect to incur significantly less advocacy costs in 2023 than we experienced in 2022. We also expect to continue making investments to expand our ability to offer home-based dialysis service options and further advance our integrated care and value-based care initiatives in 2023. Finally, considerable uncertainty exists surrounding the continued development of the various governmental laws, regulations and other requirements that impact our business.

The discussion below includes analysis of our financial condition and results of operations for the years ended December 31, 2022 compared to December 31, 2021. Our Annual Report on Form 10-K for the year ended December 31, 2021, includes a discussion and analysis of our financial condition and results of operations for the year ended December 31, 2020, in its Part II, Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

References to the "Notes" in the discussion below refer to the notes to the Company's consolidated financial statements included in this Annual Report on Form 10-K at Item 15, "*Exhibits, Financial Statement Schedules*" as referred from Part II Item 8, "*Financial Statements and Supplementary Data*."

COVID-19, General Economic and Marketplace Conditions, and Legal and Regulatory Developments

As noted above and described in further detail below, the continued impacts on our business in connection with the COVID-19 pandemic and general economic and market conditions could have a material adverse impact on our patients, teammates, physician partners, suppliers, business, operations, reputation, financial condition, results of operations, cash flows and/or liquidity. Many of these external factors and conditions are interrelated, including, among other things, supply chain challenges, inflation, rising interest rates, labor market conditions and wage pressure. Certain of these impacts could be further intensified by concurrent global events such as the ongoing conflict between Russia and Ukraine, which has continued to drive sociopolitical and economic uncertainty and volatility in Europe and across the globe.

Operational and Financial Impacts

In 2022 we continued to experience a negative impact on revenue and non-acquired growth from COVID-19 due to lower treatment volumes. As noted above, these lower treatment volumes were driven primarily by the negative impact of COVID-19 on the mortality rates of our patients, which has in turn impacted our patient census, as well as the direct and indirect impact of COVID-19 on our missed treatment rate and new admissions. We expect that the impact of COVID-19 is likely to continue to negatively impact our revenue and non-acquired growth for a period of time even as the pandemic subsides due to the compounding impact of mortalities, among other things. During 2022, lower treatment volumes were also driven in part by declining new admissions and elevated missed treatment rates. New admission rates, future revenues and non-acquired growth could also continue to be negatively impacted over time to the extent that the CKD population experiences elevated mortality levels due to the pandemic. There remains significant uncertainty as to the ultimate impact of COVID-19 on our treatment volumes, in part due to, among other things, the indeterminate severity and duration of the pandemic and the complexity of factors that may drive new admissions and missed treatment rates over time. Depending on the ultimate severity and duration of the pandemic, the magnitude of these cumulative impacts could have a material adverse impact on our results of operations, financial condition and cash flows.

COVID-19 and other global conditions have also increased, and will continue to increase, our expenses, including, among others, staffing and labor costs. In 2022, we incurred higher than usual wage increases, and higher incentive pay. During 2022 we also incurred increased costs due to an increased utilization of contract labor, inefficient productivity and increased investment in training expenses. Each of those cost drivers were in turn primarily the result of the combination of our ongoing COVID-19-related clinical protocols and general labor, supply chain and inflationary pressures. As noted above, we expect certain of these increased costs to continue, and the cumulative impact of these costs could be material. In addition, potential staffing shortages or disruptions, if material, could ultimately lead to the unplanned closures of certain centers or adversely impact clinical operations, and may otherwise have a material adverse impact on our ability to provide dialysis services or the cost of providing those services, among other things. In 2022, we also saw a continued increase, relative to pre-pandemic conditions, in the effort and cost needed to procure certain of our equipment and clinical supplies, including pharmaceuticals and personal protective equipment (PPE), and some of which have been substantial.

The staffing and labor cost inflation described above, in addition to higher equipment and clinical supply costs, have put pressure on our existing cost structure, and as noted above, we expect that certain of those increased costs will persist as global supply chains continue to experience volatility and disruptions and as inflationary pressures and challenging labor market conditions continue. Prolonged volatility, uncertainty, labor supply shortages and other challenging labor market conditions could have an adverse impact on our growth and ability to execute on our other strategic initiatives and a material adverse impact on our labor costs. Prolonged strain on global supply chains may result in equipment and clinical supply shortages, disruptions, delays or associated price increases that could impact our ability to provide dialysis services or the cost of providing those services, among other things. Moreover, to the extent that inflationary pressure persists, this may in turn continue to increase our labor and supply costs at a rate that outpaces the Medicare or any other rate increases we may receive. In our value-based care and other programs where we assume financial accountability for total patient cost, an increase in COVID-19 rates among patients could have an impact on total cost of care. This increase may in turn impact the profitability of those programs relative to their respective funding.

As referenced above, we continue to implement cost savings opportunities to help mitigate these cost and volume pressures. These include, among other things, anticipated cost savings related to certain general and administrative cost efficiencies, such as ongoing initiatives that increase our use of third party service providers to perform certain activities, including, among others, finance and accounting functions as well as related information technology functions; initiatives relating to clinic optimization and initiatives for capacity utilization improvement; and procurement opportunities. We have incurred, and expect to continue to incur, charges in connection with the continued implementation of these initiatives, and there can be no assurance that we will be able to successfully execute these initiatives or that they will achieve expectations or succeed in helping offset the impact of these challenging conditions. Any failure on our part to adjust our business and operations in this manner, to adjust to other marketplace developments or dynamics or to appropriately implement these initiatives in accordance with applicable legal, regulatory or compliance requirements could adversely impact our ability to provide dialysis services or the cost of providing those services, among other things, and ultimately could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

Federal, State and Local Government Response

The government response to COVID-19 has been wide-ranging and will continue to develop over time. As a result, we may not be able to accurately predict the nature, timing or extent of the impact of such changes on the markets in which we conduct business or on the other participants that operate in those markets, or any potential changes to the extensive set of federal, state and local laws, regulations and requirements that govern our business. For example, federal COVID-19 relief legislation suspended the 2% Medicare sequestration from May 1, 2020 through March 31, 2022. The Medicare sequestration was reinstated in stages until the full 2% level was resumed as of July 1, 2022. While in effect, the suspension of sequestration significantly increased our revenues.

We believe the ultimate impact of the COVID-19 pandemic and the aforementioned general economic and marketplace conditions on the Company over time will depend on future developments that are highly uncertain and difficult to predict. With respect to COVID-19, these future developments include, among other things, the ultimate severity and duration of the pandemic; the evolution of new strains or variants of the virus that may present varying levels of infectivity or virulence; COVID-19's impact on the CKD patient population and our patient population, including on the mortality of these patients; the availability, acceptance, impact and efficacy of COVID-19 vaccines, treatments and therapies; the pandemic's continuing impact on our revenue and non-acquired growth due to lower treatment volumes; the potential negative impact on our commercial mix or the number of patients covered by commercial insurance plans; continued increased COVID-related costs; supply chain challenges and disruptions, including with respect to our clinical supplies; the responses of our competitors to the pandemic and related changes in the marketplace; the timing, scope and effectiveness of federal, state and local government responses; and any potential changes to the extensive set of federal, state and local laws, regulations and requirements that govern our business. In certain cases, the impact of the pandemic on us may persist even after the pandemic subsides. COVID-19 has also intensified certain of the aforementioned general economic and marketplace conditions and developments in the U.S. and global economies, including labor market conditions, inflation and monetary policies, among others. We expect that these conditions will continue to impact our business in 2023.

For additional discussion of the COVID-19 pandemic and our response, the various general economic and marketplace conditions that may impact our business, and the risks and uncertainties related to each of these, please see the discussion in Part I Item 1. Business under the headings, "*COVID-19 and its impact on our business*" and "*Human Capital Management*," as well as the risk factors in Part I Item 1A. Risk Factors, including, among others, the risks under the headings, "*Macroeconomic conditions and global events...*" and "*If we are unable to compete successfully...*".

Legal and Regulatory Developments

In 2022, the U.S. Supreme Court issued a decision in the matter of *Marietta Memorial Hospital Employee Health Benefit Plan, et al. v. DaVita Inc., et al.*, a case evaluating the scope of the Medicare Secondary Payor Act (MSPA), deciding that a group health plan that provides limited benefits for outpatient dialysis, but does so uniformly for all plan participants, does not violate the terms of the MSPA because the plan treats all patients uniformly, regardless of whether a participant has ESRD and regardless of whether the participant is eligible for Medicare. For additional information, see Note 16 to the consolidated financial statements included in this report and the risk factor in Part I Item 1A. Risk Factors under the heading "*If the number or percentage of patients with higher-paying commercial insurance declines...*" There is significant uncertainty as to the ultimate impact of the decision, but if a significant number of commercial plans, including employer group health plans, implement or utilize plan designs that discourage or prevent ESRD patients from retaining their commercial coverage, it may lead to a decrease in the number of patients with commercial plans, the duration of benefits for patients under commercial plans and/or decrease in the payment rates we receive, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Consolidated results of operations

The following table summarizes our revenues, operating income (loss) and adjusted operating income (loss) by line of business. See the discussion of our results for each line of business following this table. When multiple drivers are identified in the following discussion of results, they are listed in order of magnitude:

| | Year ended December 31, | | Annual change | |
|--|-------------------------|------------------|-----------------|----------------|
| | 2022 | 2021 | Amount | Percent |
| (dollars in millions) | | | | |
| Revenues: | | | | |
| U.S. dialysis | \$ 10,600 | \$ 10,667 | \$ (67) | (0.6)% |
| Other - Ancillary services | 1,101 | 1,047 | 54 | 5.2 % |
| Elimination of intersegment revenues | (91) | (95) | 4 | 4.2 % |
| Total consolidated revenues | \$ 11,610 | \$ 11,619 | \$ (9) | (0.1)% |
| Operating income (loss): | | | | |
| U.S. dialysis | \$ 1,565 | \$ 1,975 | \$ (410) | (20.8)% |
| Other - Ancillary services | (97) | (66) | (31) | (47.0)% |
| Corporate administrative support | (130) | (112) | (18) | (16.1)% |
| Operating income | \$ 1,339 | \$ 1,797 | \$ (458) | (25.5)% |
| Adjusted operating income (loss):⁽¹⁾ | | | | |
| U.S. dialysis | \$ 1,668 | \$ 1,993 | \$ (325) | (16.3)% |
| Other - Ancillary services | (89) | (66) | (23) | (34.8)% |
| Corporate administrative support | (129) | (112) | (17) | (15.2)% |
| Adjusted operating income | \$ 1,450 | \$ 1,815 | \$ (365) | (20.1)% |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

(1) For a reconciliation of adjusted operating income (loss) by reportable segment, see the "Reconciliations of non-GAAP measures" section below.

U.S. dialysis business

As of December 31, 2022, our U.S. dialysis business is a leading provider of kidney dialysis services, operating 2,724 outpatient dialysis centers serving a total of approximately 199,400 patients, and contracted to provide hospital inpatient dialysis services in approximately 820 hospitals. We estimate that we have approximately a 36% share of the U.S. dialysis market based upon the number of patients we serve.

Approximately 91% of our 2022 consolidated revenues were derived directly from our U.S. dialysis business. The principal drivers of our U.S. dialysis revenues include :

- our number of treatments, which is primarily a function of the number of chronic patients requiring approximately three in-center treatments per week as well as, to a lesser extent, the number of treatments for home-based dialysis and hospital inpatient dialysis; and
- our average dialysis patient service revenue per treatment, including the mix of patients with commercial plans and government programs as primary payor.

Within our U.S. dialysis business, our home-based dialysis and hospital inpatient dialysis services are operationally integrated with our outpatient dialysis centers and related laboratory services. Our outpatient, home-based and hospital inpatient dialysis services comprise approximately 76%, 18% and 6% of our U.S. dialysis revenues, respectively.

In the U.S., government dialysis-related payment rates are principally determined by federal Medicare and state Medicaid policy. For 2022, approximately 67% of our total U.S. dialysis patient services revenues were generated from government-based programs for services to approximately 90% of our total U.S. patients. These government-based programs are principally Medicare and Medicare Advantage, Medicaid and managed Medicaid plans, and other government plans, representing approximately 57%, 7% and 3% of our U.S. dialysis patient services revenues, respectively.

On October 31, 2022, CMS issued a final rule to update the ESRD PPS payment rate and policies, as described further above. CMS estimates the final rule will affect ESRD facilities' average reimbursement by a productivity-adjusted market basket increase of 3.0% in 2023.

Dialysis payment rates from commercial payors vary and a major portion of our commercial rates are set at contracted amounts with payors and are subject to intense negotiation pressure. On average, dialysis-related payment rates from contracted commercial payors are significantly higher than Medicare, Medicaid and other government program payment rates, and therefore the percentage of commercial patients in relation to total patients represents a significant driver of our total average dialysis patient service revenue per treatment. Commercial payors (including hospital dialysis services) represent approximately 33% of U.S. dialysis patient services revenues.

For discussion of government reimbursement, the Medicare ESRD bundled payment system, Medicare Advantage and commercial reimbursement, see the discussion in Part I. Item 1. Business under the heading "*U.S. dialysis business – Sources of revenue-concentrations and risks.*" For a discussion of operational, clinical and financial risks and uncertainties that we face in connection with the Medicare ESRD bundled payment system, see the risk factor in Part I. Item 1A. Risk Factors under the heading "*Our business is subject to a complex set of governmental laws, regulations and other requirements and any failure to adhere to those requirements, or any changes in those requirements...*" For a discussion of operational, clinical and financial risks and uncertainties that we face in connection with commercial payors, see the risk factor in Item 1A. Risk Factors under the heading "*If the number or percentage of patients with higher-paying commercial insurance declines, if the average rates that commercial payors pay us declines...*"

Approximately 1% of our total U.S. dialysis patient services revenues for each of the years 2022 and 2021 were associated with the administration of separately-billable physician-prescribed pharmaceuticals, the majority of which relate to the administration of calcimimetics.

We anticipate that we will continue to experience increases in our operating costs in 2023 that may outpace any net Medicare, commercial or other rate increases that we may receive, which could significantly impact our operating results. In particular, we expect to continue experiencing increases in operating costs that are subject to inflation, such as labor and supply costs, including increases in maintenance costs, regardless of whether there is a compensating inflation-based increase in Medicare, commercial or other payor payment rates. We also continue to expect to incur additional COVID-19-related costs while the pandemic continues. In addition, we expect to continue to incur capital expenditures and associated depreciation and amortization to improve, renovate and maintain our facilities, equipment and information technology to meet evolving regulatory requirements and otherwise.

U.S. dialysis patient care costs are those costs directly associated with operating and supporting our dialysis centers, home-based dialysis programs and hospital inpatient dialysis programs, and consist principally of labor, benefits, pharmaceuticals, medical supplies and other operating costs of the dialysis centers.

The principal drivers of our U.S. dialysis patient care costs include:

- clinical hours per treatment, labor rates and benefit costs;
- vendor pricing and utilization levels of pharmaceuticals;
- business infrastructure costs, which include the operating costs of our dialysis centers; and
- medical supply costs.

Other cost categories that can present significant variability include insurance costs and professional fees. In addition, proposed ballot initiatives or referendums, legislation, regulations or policy changes could cause us to incur substantial costs to prepare for, or implement changes required. Any such changes could result in, among other things, increases in our labor costs or limitations on the amount of revenue that we can retain. For additional information on risks associated with potential and proposed ballot initiatives, referendums, legislation, regulations or policy changes, see the risk factor in Item 1A. Risk Factors under the heading, "*Changes in federal and state healthcare legislation or regulations...*"

Our average clinical hours per treatment increased in 2022 compared to 2021. We are always striving for improved productivity levels, however, changes in factors such as federal and state policies or regulatory billing requirements can lead to increased labor costs. In 2022, the demand for skilled clinical personnel continued, exacerbated by the nationwide shortage caused by the continuing COVID-19 pandemic on these resources. In 2022 and 2021, we experienced increases in our clinical labor rates of approximately 7.4% and 3.9%, respectively. We expect to continue to see higher clinical labor rates and continued use of contract labor in 2023 due to the labor market conditions and the continued competition for skilled clinical personnel. In 2022, our overall clinical teammate turnover increased from 2021. We also continue to experience increases in the

infrastructure and operating costs of our dialysis centers and general increases in rent and repairs and maintenance. In 2022, we continued to implement certain cost control initiatives to help manage our overall operating costs, including labor productivity, and we expect to continue these initiatives in 2023.

Our U.S. dialysis general and administrative expenses represented 9.8% and 8.7% of our U.S. dialysis revenues in 2022 and 2021, respectively. Increases in general and administrative expenses over the last several years were primarily related to strengthening our dialysis business and related compliance and operational processes, responding to certain legal and compliance matters, professional fees associated with enhancing our information technology (IT) systems, such as our new clinical system, and more recently advocacy costs in 2022 related to countering union policy efforts and severance costs related to planned administrative efficiencies. We expect that these levels of general and administrative expenses will be impacted by lower advocacy costs in 2023 compared to 2022, continued investment in developing our capabilities and executing on our strategic priorities, as well as additional severance costs as we implement the planned administrative efficiencies, among other things.

U.S. dialysis results of operations

Treatment volume:

| | Year ended December 31, | | Annual change | |
|---|-------------------------|------------|---------------|---------|
| | 2022 | 2021 | Amount | Percent |
| Dialysis treatments | 28,954,433 | 29,622,188 | (667,755) | (2.3)% |
| Average treatments per day | 92,506 | 94,640 | (2,134) | (2.3)% |
| Treatment days | 313.0 | 313.0 | — | — % |
| Normalized non-acquired treatment growth ⁽¹⁾ | (2.0)% | (1.9)% | | (0.1)% |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

(1) Normalized non-acquired treatment growth reflects year over year growth in treatment volume, adjusted to exclude acquisitions and other similar transactions, and further adjusted to normalize for the number and mix of treatment days in a given period versus the prior period.

Our U.S. dialysis treatment volume is directly correlated with our operating revenues and expenses. The decrease in our U.S. dialysis treatments in 2022 was primarily driven by the impact of increased mortality over recent periods on our patient population, and higher missed treatment rates, slightly offset by acquisition related growth. We believe the increased mortality rate is largely attributable to the impact of COVID-19 on our patient population.

Revenues:

| | Year ended December 31, | | Annual change | |
|---|--|-----------|---------------|---------|
| | 2022 | 2021 | Amount | Percent |
| | (dollars in millions, except per treatment data) | | | |
| Total revenues | \$ 10,600 | \$ 10,667 | \$ (67) | (0.6)% |
| Average patient service revenue per treatment | \$ 365.24 | \$ 359.24 | \$ 6.00 | 1.7 % |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

U.S. dialysis average patient service revenue per treatment increased primarily driven by increases in both commercial mix and rates, an increase in the Medicare base rate in 2022, and the continued shift to Medicare Advantage plans, partially offset by the reinstatement of 1% Medicare sequestration beginning April 1, 2022 through June 30, 2022 and 2% Medicare sequestration beginning July 1, 2022 and thereafter.

Operating expenses and charges:

| | Year ended December 31, | | Annual change | |
|---|--|-----------|---------------|---------|
| | 2022 | 2021 | Amount | Percent |
| | (dollars in millions, except per treatment data) | | | |
| Patient care costs | \$ 7,334 | \$ 7,153 | \$ 181 | 2.5 % |
| General and administrative ⁽¹⁾ | 1,038 | 926 | 111 | 12.0 % |
| Depreciation and amortization | 691 | 643 | 48 | 7.5 % |
| Equity investment income | (28) | (30) | 2 | 6.7 % |
| Total operating expenses and charges | \$ 9,034 | \$ 8,692 | \$ 343 | 3.9 % |
| Patient care costs per treatment | \$ 253.31 | \$ 241.47 | \$ 11.84 | 4.9 % |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers

- (1) General and administrative expenses for the year ended December 31, 2022 included advocacy costs of approximately \$51 million incurred to counter union policy efforts, including a California statewide ballot initiative (CA Proposition 29).

Charges impacting operating income

Closure costs. During the year ended December 31, 2022, we incurred higher than normal charges for center capacity closures. These closures were the result of a strategic review of our outpatient clinic capacity requirements and utilization, which have been impacted both by declines in our patient census in some markets due to the COVID-19 pandemic, as well as by our initiatives toward, and advances in, increasing the proportion of our home dialysis patients.

Our 2022 charges for U.S. dialysis center closures were approximately \$86 million, which increased our patient care costs by \$21 million, our general and administrative expenses by \$19 million and our depreciation and amortization expense by \$46 million. By comparison, 2021 charges for U.S. dialysis center closures were approximately \$18 million, which increased our patient care costs by \$2 million, our general and administrative expenses by \$3 million and our depreciation and amortization expense by \$12 million. These capacity closures costs included net losses on assets retired, lease costs, asset impairments and accelerated depreciation and amortization.

We will continue to optimize our U.S. dialysis center footprint through center mergers and/or closures and expect our center closure rates to remain at elevated levels over the next several quarters.

Severance costs. During the fourth quarter of 2022, we committed to a plan to increase efficiencies and cost savings in certain general and administrative support functions. As a result of this plan, we recognized expenses related to termination and other benefit commitments in our U.S. dialysis business of \$17 million.

Patient care costs. U.S. dialysis patient care costs are those costs directly associated with operating and supporting our dialysis centers and consist principally of compensation expenses including labor and benefits, pharmaceuticals, medical supplies and other operating costs of the dialysis centers.

U.S. dialysis patient care costs per treatment increased primarily due to increases in compensation expenses including increased wage rates and contract wages. Other drivers of this increase include increases in other direct operating expenses associated with our dialysis centers, including increases in utilities expense partially due to lower expense in 2021 related to our virtual power purchase arrangements, as well as center closure costs, as described above, insurance expenses and costs related to travel. In addition, our fixed other direct operating expenses negatively impacted patient care costs per treatment due to our decrease in treatments in 2022. These increases were partially offset by decreases in pharmaceutical unit costs, health benefit expenses and medical supply costs.

General and administrative expenses. U.S. dialysis general and administrative expenses increased primarily due to increases in advocacy costs to counter union policy efforts, compensation expenses including increased wage rates and severance costs, as described above, travel costs, center closure, as described above, and higher IT-related costs. This increase in U.S. dialysis general and administrative expenses was partially offset by gains recognized on the sale of our self-developed properties, and decreases in professional fees and contributions to our charitable foundation.

Depreciation and amortization. Depreciation and amortization expense is directly impacted by the number of dialysis centers and the information technology that we develop and acquire as well as changes in useful lives. U.S. dialysis depreciation and amortization expense increased in 2022 primarily due to accelerated depreciation for expected center closures, as described above, increased depreciation and amortization for hardware associated with our new clinical system and other corporate technology projects and the development of new centers.

Equity investment income. U.S. dialysis equity investment income decreased primarily due to a decline in profitability at certain nonconsolidated dialysis partnerships.

Operating income and adjusted operating income

| | Year ended December 31, | | Annual change | |
|--|-------------------------|----------|---------------|---------|
| | 2022 | 2021 | Amount | Percent |
| | (dollars in millions) | | | |
| Operating income | \$ 1,565 | \$ 1,975 | \$ (410) | (20.8)% |
| Adjusted operating income ⁽¹⁾ | \$ 1,668 | \$ 1,993 | \$ (325) | (16.3)% |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

(1) For a reconciliation of adjusted operating income by reportable segment, see the "Reconciliations of non-GAAP measures" section below.

U.S. dialysis operating income was negatively impacted by center closure and severance costs, as described above. Operating income and adjusted operating income decreased compared to 2021 primarily due to decreased dialysis treatments and increases in compensation expenses, advocacy costs, other direct operating expenses associated with our dialysis centers, costs related to travel, depreciation expense related to IT projects and insurance expenses, each described above. Operating income and adjusted operating income were positively impacted by an increase in our average patient service revenue per treatment, as described above, as well as decreases in pharmaceutical unit costs, gains on sale of our self-developed properties and decreases in health benefit expenses and medical supply costs.

Other - Ancillary services

Our other operations include ancillary services that are primarily aligned with our core business of providing dialysis services to our network of patients. As of December 31, 2022, these consisted primarily of our U.S. integrated kidney care (IKC) business, certain U.S. other ancillary businesses (including our clinical research programs, transplant software business, and venture investment group), and our international operations.

These ancillary services, including our international operations, generated revenues of approximately \$1.101 billion in 2022, representing approximately 9% of our consolidated revenues.

As of December 31, 2022, DaVita IKC provided integrated care and disease management services to approximately 42,000 patients in risk-based integrated care arrangements and to an additional 15,000 patients in other integrated care arrangements. We also expect to add additional service offerings to our business and pursue additional strategic initiatives in the future as circumstances warrant, which could include, among other things, healthcare services not related to dialysis.

For a discussion of the risks related to IKC and our ancillary services, see the discussion in the risk factors in Item 1A. Risk Factors under the headings, "*The U.S. ancillary services and strategic initiatives and international operations that we operate or invest in now or in the future...*" and "*If we are not able to successfully implement our strategy with respect to our integrated kidney care and value-based care initiatives...*"

As of December 31, 2022, our international dialysis business owned or operated 350 outpatient dialysis centers located in 11 countries outside of the U.S. For 2022, total revenues generated from our international operations were approximately 6% of our consolidated revenues.

Ancillary services results of operations

| | Year ended December 31, | | Annual change | |
|--|-------------------------|-----------------|----------------|----------------|
| | 2022 | 2021 | Amount | Percent |
| (dollars in millions) | | | | |
| Revenues: | | | | |
| U.S. IKC | \$ 378 | \$ 349 | \$ 29 | 8.3 % |
| U.S. other ancillary | 23 | 22 | 1 | 4.5 % |
| International | 700 | 676 | 24 | 3.6 % |
| Total ancillary services revenues | \$ 1,101 | \$ 1,047 | \$ 54 | 5.2 % |
| Operating (loss) income: | | | | |
| U.S. IKC | \$ (125) | \$ (111) | \$ (14) | (12.6)% |
| U.S. other ancillary | (9) | 3 | (12) | (400.0)% |
| International ⁽¹⁾ | 37 | 42 | (5) | (11.9)% |
| Total ancillary services loss | \$ (97) | \$ (66) | \$ (31) | (47.0)% |
| Adjusted operating (loss) income⁽²⁾: | | | | |
| U.S. IKC | \$ (124) | \$ (111) | \$ (13) | (11.7)% |
| U.S. other ancillary | (9) | 3 | (12) | (400.0)% |
| International ⁽¹⁾ | 44 | 42 | 2 | 4.8 % |
| Total adjusted operating loss: | \$ (89) | \$ (66) | \$ (23) | (34.8)% |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

- (1) The reported operating income and adjusted operating income for the years ended December 31, 2022 and December 31, 2021, includes foreign currency (losses) gains embedded in equity method income recognized from our APAC joint venture of approximately \$(0.3) million and \$3.3 million, respectively.
- (2) For a reconciliation of adjusted operating (loss) income by reportable segment, see the "Reconciliations of non-GAAP measures" section below.

Revenues:

Our IKC revenues were impacted by an increase in shared savings, including savings from new programs, partially offset by a decrease in revenues from our special needs plans. Our other U.S. ancillary services revenues increased due to revenues from our newly acquired transplant software business, partially offset by decreased revenues in our clinical research programs. Our international revenues increased primarily due to acquisition-related growth, partially offset by the impact of increased mortality over recent periods on our patient population.

Charges impacting operating income - Severance and other costs.

During the fourth quarter of 2022, similar to U.S. dialysis, we committed to a plan to increase efficiencies and cost savings in certain general and administrative support functions and other overhead costs. As a result of this plan, we recognized expenses related to termination and other benefit commitments in our IKC business and these expenses and other charges in our international operations of \$0.5 million and \$7.5 million, respectively.

Operating loss and adjusted operating loss:

Our IKC operating loss and adjusted operating loss increased primarily due to continued investments in our integrated care support functions, partially offset by an increase in shared savings and improved performance in our special needs plans. Our other U.S. ancillary services operating loss was impacted by a benefit received from run-off of a legacy business recognized in 2021 and decreased revenues in our clinical research programs in 2022. Our international operating income was impacted by severance and other costs in one of our international businesses, as described above. International operating income and adjusted operating income were impacted by acquisition-related growth, partially offset by the impact of increased mortality over recent periods on our patient population and losses on foreign exchange compared to gains in the prior year.

Corporate administrative support

Corporate administrative support consists primarily of labor, benefits and long-term incentive compensation expense, as well as professional fees, for departments which provide support to all of our various operating lines of business. Corporate administrative support expenses are included in general and administrative expenses on our consolidated income statement.

Corporate administrative support expenses increased \$18 million primarily driven by increased legal fees and compensation expenses. These increases were partially offset by decreased long-term incentive compensation expense.

Corporate-level charges

| | Year ended December 31, | | Annual change | |
|---|-------------------------|--------|---------------|---------|
| | 2022 | 2021 | Amount | Percent |
| | (dollars in millions) | | | |
| Debt expense | \$ 357 | \$ 285 | \$ 72 | 25.3 % |
| Other (loss) income, net | \$ (16) | \$ 6 | \$ (22) | 366.7 % |
| Effective income tax rate | 20.5 % | 20.2 % | | 0.3 % |
| Effective income tax rate from continuing operations attributable to DaVita Inc. ⁽¹⁾ | 26.5 % | 23.8 % | | 2.7 % |
| Net income attributable to noncontrolling interests | \$ 221 | \$ 233 | \$ (12) | (5.2)% |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

(1) For a reconciliation of our effective income tax rate from continuing operations attributable to DaVita Inc., see the "Reconciliations of non-GAAP measures" section below.

Debt expense

Debt expense increased primarily due to an increase in our overall weighted average effective interest rate and weighted average credit facility balance outstanding, which included draws on our revolving line of credit during 2022. Our overall weighted average effective interest rate on all debt, including the effect of interest rate caps and amortization of debt discount, was 3.96% in 2022 compared to 3.28% in 2021. See Note 13 to the consolidated financial statements for further information on the components of our debt and changes in them since 2021.

Other (loss) income

Other (loss) income consists primarily of interest income on cash and cash equivalents and short- and long-term investments, realized and unrealized gains and losses recognized on investments, and foreign currency transaction gains and losses. Other income decreased primarily due to increased losses on investments in 2022, partially offset by an increase in interest income.

Provision for income taxes

Our effective income tax rate and effective income tax rate from continuing operations attributable to DaVita Inc. increased in 2022 primarily due to increases in nondeductible advocacy expenses, foreign tax provision expense and a reduction in benefits from stock-based compensation. These increases were partially offset by benefits recognized in 2022 for uncertain tax positions outside the statute of limitations and a reduction in tax expense recognized in 2021 for deferred re-measurement. Additionally, our effective income tax rate was impacted by the portion of earnings attributable to our non-controlling interests.

Net income attributable to noncontrolling interests

The decrease in income attributable to noncontrolling interests in 2022 compared to 2021 was due to a decrease in earnings at certain U.S. dialysis partnerships.

Accounts receivable

Our consolidated accounts receivable balances at December 31, 2022 and December 31, 2021 were \$2.132 billion and \$1.958 billion, respectively, representing approximately 68 days and 62 days of revenue (DSO), respectively. The increase in consolidated DSO resulted primarily from an increase of five days of DSO in our U.S. dialysis business, primarily due to delays in collections related to certain payors, temporary billing holds and changes in payor mix related to the continued shift to Medicare Advantage plans for which average collection times are longer than that of Medicare. Our DSO calculation is based on the most recent quarter's average revenues per day. There were no significant changes during 2022 from 2021 in the

carrying amount of accounts receivable outstanding over one year old or in the amounts pending approval from third-party payors.

As of December 31, 2022 and 2021, our patient services accounts receivable balances that are more than six months old represented approximately 18% and 16%, respectively, of our total accounts receivable balances outstanding. Substantially all revenue realized for patient services is received from government and commercial payors, as discussed above. Less than 1% of our revenues in both periods were classified as patient pay.

Amounts pending approval from third-party payors associated with Medicare bad debt claims as of December 31, 2022 and 2021, other than the standard monthly billing, consisted of approximately \$111 million and \$133 million, respectively, and are classified as other receivables. A significant portion of our Medicare bad debt claims are typically paid to us before the Medicare fiscal intermediary audits the claims but are subject to subsequent adjustment based upon the actual results of those audits. Such audits typically occur one to four years after the claims are filed.

Liquidity and capital resources

The following table summarizes our major sources and uses of cash, cash equivalents and restricted cash:

| | Year ended December 31, | | Annual change | |
|---|-------------------------|-------------------|-----------------|----------------|
| | 2022 | 2021 | Amount | Percent |
| (dollars in millions) | | | | |
| Net cash provided by operating activities: | | | | |
| Net income | \$ 782 | \$ 1,212 | \$ (430) | (35.5)% |
| Non-cash items in net income | 783 | 860 | (77) | (9.0)% |
| Other working capital changes | 66 | (108) | 174 | 161.1 % |
| Other | (66) | (33) | (33) | (100.0)% |
| | <u>\$ 1,565</u> | <u>\$ 1,931</u> | <u>\$ (366)</u> | <u>(19.0)%</u> |
| Net cash used in investing activities: | | | | |
| Capital expenditures: | | | | |
| Routine maintenance/IT/other | \$ (431) | \$ (421) | \$ (10) | (2.4)% |
| Developments and relocations | (172) | (220) | 48 | 21.8 % |
| Acquisition expenditures | (57) | (187) | 130 | 69.5 % |
| Proceeds from sale of self-developed properties | 109 | 56 | 53 | 94.6 % |
| Other | (78) | (12) | (66) | (550.0)% |
| | <u>\$ (630)</u> | <u>\$ (785)</u> | <u>\$ 155</u> | <u>19.7 %</u> |
| Net cash used in financing activities: | | | | |
| Debt (payments) issuances, net | \$ (11) | \$ 754 | \$ (765) | (101.5)% |
| Deferred financing and debt redemption costs | — | (9) | 9 | 100.0 % |
| Distributions to noncontrolling interests | (268) | (244) | (24) | (9.8)% |
| Contributions from noncontrolling interests | 15 | 32 | (17) | (53.1)% |
| Stock award exercises and other share issuances | (37) | (60) | 23 | 38.3 % |
| Share repurchases | (802) | (1,539) | 737 | 47.9 % |
| Other | (17) | (17) | — | — % |
| | <u>\$ (1,121)</u> | <u>\$ (1,083)</u> | <u>\$ (38)</u> | <u>(3.5)%</u> |
| Total number of shares repurchased | 8,094,661 | 13,877,193 | (5,782,532) | (41.7)% |
| Free cash flow ⁽¹⁾ | \$ 817 | \$ 1,133 | \$ (316) | (27.9)% |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

(1) For a reconciliation of our free cash flow, see the "Reconciliations of Non-GAAP measures" section below.

Consolidated cash flows

Consolidated cash flows from operating activities for 2022 and 2021 were \$1,565 million and \$1,931 million, respectively. The decrease in cash flow from continuing operations was primarily driven by decreased earnings from operations and increases in tax and interest payments, partially offset by timing of working capital items.

Cash flows used for investing activities in 2022 decreased \$155 million compared to 2021 primarily due to decreases in acquisition expenditures combined with an increase in proceeds from the sale of self-developed properties, which was principally driven by the sale of one of our self-developed properties.

Cash flows used in financing activities increased \$38 million in 2022 compared to 2021. Significant sources of cash during 2022 included a net draw of \$165 million on our revolving line of credit. Significant uses of cash during 2022 consisted primarily of regularly scheduled mandatory principal payments under our senior secured credit facilities totaling approximately \$98 million on Term Loan A and \$27 million on Term Loan B-1 and additional required principal payments under other debt arrangements. In addition, during the year ended December 31, 2022 we used cash to repurchase 8,094,661 shares of our common stock.

By comparison, 2021 included the issuance of \$1,000 million in aggregate principal amount of senior notes as an add-on offering to our 4.625% senior notes due 2030 which were issued at an offering price of 101.750% of the principal amount in February 2021. Significant uses of cash during 2021 consisted primarily of the repayment in full of \$75 million of borrowings under our revolving line of credit, net payments of regularly scheduled mandatory principal amounts due under our senior secured credit facilities totaling approximately \$88 million on Term Loan A and \$27 million on Term Loan B-1 and additional required principal payments under other debt arrangements. In addition, we incurred bond issuance costs of approximately \$9 million. During the year ended December 31, 2021 we used cash to repurchase 13,877,193 shares of our common stock.

Dialysis center capacity and growth

We are typically able to increase our capacity by extending hours at our existing dialysis centers, expanding our existing dialysis centers, relocating our dialysis centers, developing new dialysis centers and by acquiring dialysis centers. The development of a typical new outpatient dialysis center generally requires approximately \$2.0 million for leasehold improvements and other capital expenditures. Based on our experience, a new outpatient dialysis center typically opens within a year after the property lease is signed, normally achieves operating profitability in the second year after Medicare certification, and normally reaches maturity within three to five years. Acquiring an existing outpatient dialysis center requires a substantially greater initial investment, but profitability and cash flows are generally accelerated and more predictable. To a limited extent, we enter into agreements to provide management and administrative services to outpatient dialysis centers in which we own a noncontrolling interest or which are wholly-owned by third parties in return for management fees.

The table below shows the growth in our dialysis operations by number of dialysis centers owned or operated:

| | U.S. | | International | |
|--|-------|-------|---------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Number of centers operated at beginning of year | 2,815 | 2,816 | 339 | 321 |
| Acquired centers | 5 | 19 | 11 | 17 |
| Developed centers | 39 | 42 | 6 | 7 |
| Net change in non-owned managed or administered centers ⁽¹⁾ | (1) | 3 | 5 | — |
| Sold and closed centers ⁽²⁾ | (22) | (11) | (9) | (5) |
| Closed centers ⁽³⁾ | (112) | (54) | (2) | (1) |
| Number of centers operated at end of year | 2,724 | 2,815 | 350 | 339 |

(1) Represents dialysis centers which we manage or provide administrative services to but in which we own a noncontrolling equity interest or which are wholly-owned by third parties, including our Asia Pacific joint venture centers.

(2) Represents dialysis centers that were sold and/or closed for which the majority of patients were not retained.

(3) Represents dialysis centers that were closed for which the majority of patients were retained and transferred to one of our other existing outpatient dialysis centers.

Stock repurchases

The following table summarizes our common stock repurchases during the years ended December 31, 2022 and 2021:

| | Year ended December 31, | |
|--|-------------------------|-----------|
| | 2022 | 2021 |
| (dollars in millions and shares in thousands, except per share data) | | |
| Shares | 8,095 | 13,877 |
| Amounts paid | \$ 788 | \$ 1,546 |
| Average paid per share | \$ 97.33 | \$ 111.41 |

Subsequent to December 31, 2022, we did not repurchase any shares through February 22, 2023. We retired all shares of common stock held in treasury effective December 31, 2022 and 2021.

See further discussion of our share repurchase activity and authorizations in Note 19 to the consolidated financial statements.

Available liquidity

As of December 31, 2022, our cash balance was \$244 million and we held approximately \$78 million in short-term investments. At that time we also had \$165 million outstanding and \$835 million available on our \$1.0 billion revolving line of credit under our senior secured credit facilities. Credit available under this revolving line of credit is reduced by the amount of any letters of credit outstanding thereunder, of which there were none as of December 31, 2022. As of December 31, 2022 we separately had approximately \$109 million in letters of credit outstanding under a separate bilateral secured letter of credit facility.

See Note 13 to the consolidated financial statements for components of our long-term debt and their interest rates.

The COVID-19 pandemic and certain economic and marketplace conditions, including inflationary and labor pressures, have driven increased pressure on our cash flows. As of the date of this report, we have not experienced a material deterioration in our liquidity position as a result of COVID-19 or those global economic and market conditions. The ultimate impact of the pandemic and those economic and market conditions will depend on future developments that are highly uncertain and difficult to predict.

We believe that our cash flow from operations and other sources of liquidity, including from amounts available under our senior secured credit facilities and our access to the capital markets, will be sufficient to fund our scheduled debt service under the terms of our debt agreements and other obligations for the foreseeable future, including the next 12 months. Our primary recurrent sources of liquidity are cash from operations and cash from borrowings, which are subject to general, economic, financial, competitive, regulatory and other factors that are beyond our control, as described in Item 1A. Risk Factors under the heading "*The level of our current and future debt...*"

Reconciliations of non-GAAP measures

The following tables provide reconciliations of adjusted operating income (loss) to operating income (loss) as presented on a U.S. generally accepted accounting principles (GAAP) basis for our U.S. dialysis reportable segment as well as for our U.S. IKC business, our U.S. other ancillary services, our international business, and for our total ancillary services which combines them and is disclosed as our other segments category, in addition to our corporate administrative support. These non-GAAP or "adjusted" measures are presented because management believes these measures are useful adjuncts to, but not alternatives for, our GAAP results.

Specifically, management uses adjusted operating income (loss) to compare and evaluate our performance period over period and relative to competitors, to analyze the underlying trends in our business, to establish operational budgets and forecasts and for incentive compensation purposes. We believe this non-GAAP measure is also useful to investors and analysts in evaluating our performance over time and relative to competitors, as well as in analyzing the underlying trends in our business. We also believe this presentation enhances a user's understanding of our normal operating income by excluding certain items which we do not believe are indicative of our ordinary results of operations.

In addition, our effective income tax rate on income from continuing operations attributable to DaVita Inc. excludes noncontrolling owners' income, which primarily relates to non-tax paying entities. We believe this adjusted effective income tax rate is useful to management, investors and analysts in evaluating our performance and establishing expectations for income taxes incurred on our ordinary results attributable to DaVita Inc.

Finally, our free cash flow from continuing operations represents net cash provided by operating activities from continuing operations less distributions to noncontrolling interests and all capital expenditures (including development capital expenditures, routine maintenance and information technology), plus contributions from noncontrolling interests and proceeds from the sale of self-developed properties. Management uses this measure to assess our ability to fund acquisitions and meet our debt service obligations and we believe this measure is equally useful to investors and analysts as an adjunct to cash flows from operating activities from continuing operations and other measures under GAAP.

It is important to bear in mind that these non-GAAP "adjusted" measures are not measures of financial performance under GAAP and should not be considered in isolation from, nor as substitutes for, their most comparable GAAP measures.

| | Year ended December 31, 2022 | | | | | | |
|----------------------------------|------------------------------|--------------------|---------------|---------------|----------------|--------------------------|-----------------|
| | U.S. dialysis | Ancillary services | | | Total | Corporate administration | Consolidated |
| | | U.S. IKC | U.S. Other | International | | | |
| | (dollars in millions) | | | | | | |
| Operating income (loss) | \$ 1,565 | \$ (125) | \$ (9) | \$ 37 | \$ (97) | \$ (130) | \$ 1,339 |
| Center closure charges | 86 | | | 3 | 3 | | 89 |
| Severance and other costs | 17 | — | | 5 | 5 | 1 | 23 |
| Adjusted operating income (loss) | <u>\$ 1,668</u> | <u>\$ (124)</u> | <u>\$ (9)</u> | <u>\$ 44</u> | <u>\$ (89)</u> | <u>\$ (129)</u> | <u>\$ 1,450</u> |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

| | Year ended December 31, 2021 | | | | | | |
|----------------------------------|------------------------------|--------------------|-------------|---------------|----------------|--------------------------|-----------------|
| | U.S. dialysis | Ancillary services | | | Total | Corporate administration | Consolidated |
| | | U.S. IKC | U.S. Other | International | | | |
| | (dollars in millions) | | | | | | |
| Operating income (loss) | \$ 1,975 | \$ (111) | \$ 3 | \$ 42 | \$ (66) | \$ (112) | \$ 1,797 |
| Center closure charges | 18 | | | | | | 18 |
| Adjusted operating income (loss) | <u>\$ 1,993</u> | <u>\$ (111)</u> | <u>\$ 3</u> | <u>\$ 42</u> | <u>\$ (66)</u> | <u>\$ (112)</u> | <u>\$ 1,815</u> |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

| | Year ended December 31, | |
|--|-------------------------|-----------------|
| | 2022 | 2021 |
| | (dollars in millions) | |
| Income from continuing operations before income taxes | \$ 966 | \$ 1,518 |
| Less: Noncontrolling owners' income primarily attributable to non-tax paying entities | (222) | (234) |
| Income from continuing operations before income taxes attributable to DaVita Inc. | <u>\$ 744</u> | <u>\$ 1,284</u> |
| Income tax expense for continuing operations | \$ 198 | \$ 307 |
| Income tax attributable to noncontrolling interests | (1) | (1) |
| Income tax expense from continuing operations attributable to DaVita Inc. | <u>\$ 197</u> | <u>\$ 306</u> |
| Effective income tax rate on income from continuing operations attributable to DaVita Inc. | <u>26.5 %</u> | <u>23.8 %</u> |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

| | Year ended December 31, | |
|---|-------------------------|-----------------|
| | 2022 | 2021 |
| | (dollars in millions) | |
| Net cash provided by operating activities | \$ 1,565 | \$ 1,931 |
| Adjustments to reconcile net cash provided by continuing operating activities to free cash flow from continuing operations: | | |
| Distributions to noncontrolling interests | (268) | (244) |
| Contributions from noncontrolling interests | 15 | 32 |
| Expenditures for routine maintenance and information technology | (431) | (421) |
| Expenditures for development | (172) | (220) |
| Proceeds from sale of self-developed properties | 109 | 56 |
| Free cash flow | <u>\$ 817</u> | <u>\$ 1,133</u> |

Certain columns or rows may not sum or recalculate due to the presentation of rounded numbers.

Off-balance sheet arrangements and aggregate contractual obligations

In addition to the debt obligations and operating lease liabilities reflected on our balance sheet, we have commitments associated with letters of credit as well as certain working capital funding obligations associated with our equity investments in nonconsolidated dialysis ventures that we manage and some we manage that are wholly-owned by third parties.

We also have potential obligations to purchase the noncontrolling interests held by third parties in many of our majority-owned dialysis partnerships and other nonconsolidated entities. These obligations are in the form of put provisions that are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. For additional information see Note 17 to the consolidated financial statements.

The following is a summary of these cash contractual obligations and commitments as of December 31, 2022:

| | 2023 | 2024-2025 | 2026-2027 | Thereafter | Total |
|---|-----------------------|-----------------|-----------------|-----------------|------------------|
| | (dollars in millions) | | | | |
| Debt and leases: | | | | | |
| Long-term debt ⁽¹⁾ : | | | | | |
| Principal payments | \$ 205 | \$ 1,599 | \$ 2,602 | \$ 4,289 | \$ 8,695 |
| Interest payments on credit facilities and senior notes | 354 | 701 | 465 | 515 | 2,035 |
| Financing leases ⁽²⁾ | 26 | 57 | 60 | 131 | 274 |
| Operating leases, including imputed interest ⁽²⁾ | 493 | 953 | 734 | 1,175 | 3,355 |
| | <u>\$ 1,078</u> | <u>\$ 3,310</u> | <u>\$ 3,861</u> | <u>\$ 6,110</u> | <u>\$ 14,359</u> |
| Partnership interests subject to put provisions: ⁽³⁾ | | | | | |
| On-balance sheet: | | | | | |
| Noncontrolling interests subject to put provisions | 1,129 | 123 | 55 | 42 | 1,349 |
| Off-balance sheet: | | | | | |
| Non-owned and minority owned put provisions | 88 | 3 | — | — | 91 |
| | <u>\$ 1,217</u> | <u>\$ 126</u> | <u>\$ 55</u> | <u>\$ 42</u> | <u>\$ 1,440</u> |

(1) See Note 13 to the consolidated financial statements for components of our long-term debt and related interest rates.

(2) See Note 14 to the consolidated financial statements for components of our leases and related interest rates.

(3) Represents amounts for which we are contractually committed, should the outside partner exercise its put option.

As of December 31, 2022 we had outstanding letters of credit in the aggregate amount of approximately \$109 million under a separate bilateral secured letter of credit facility.

As of December 31, 2022 we have outstanding purchase agreements with various suppliers to purchase set amounts of dialysis equipment, parts, pharmaceuticals, and supplies. If we fail to meet the minimum purchase commitments under these contracts during any year, we are required to pay the difference to the supplier. For additional information see Note 17 to the consolidated financial statements.

We also have certain potential commitments to provide working capital funding, if necessary, to certain nonconsolidated dialysis businesses that we manage and in which we own a noncontrolling equity interest or which are wholly-owned by third parties. For additional information see Note 17 to the consolidated financial statements.

Additionally, we expect our 2023 capital expenditures to be in alignment with 2022 capital expenditures.

In addition, we have approximately \$54 million of existing long-term income tax liabilities for unrecognized tax benefits, including interest and penalties, which are excluded from the table above as reasonably reliable estimates of their timing cannot be made.

Finally, on May 25, 2022, we entered into an agreement with Medtronic, Inc. and one of its subsidiaries (collectively, Medtronic) to form a new, independent kidney care-focused medical device company (NewCo). The transaction is expected to close in 2023, subject to customary closing conditions and regulatory approvals. At close, we will make a cash payment to Medtronic of approximately \$75 million, subject to certain customary adjustments prior to the closing, and will contribute certain other non-cash assets to NewCo valued at approximately \$25 million. Additionally, at close, each of DaVita and Medtronic will contribute approximately \$200 million in cash to launch NewCo. We also agreed to pay Medtronic additional consideration of up to \$300 million if certain regulatory and commercial milestones are achieved between 2024 and 2028.

Contingencies

The information in Note 16 to the consolidated financial statements included in this report is incorporated by reference in response to this item.

Critical accounting policies, estimates and judgments

Our consolidated financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles. These accounting principles require us to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingencies and noncontrolling interests subject to put provisions (redeemable equity interests). All significant estimates, judgments and assumptions are developed based on the best information available to us at the time made and are regularly reviewed and updated when necessary. Actual results will generally differ from these estimates, and such differences may be material. Changes in estimates are reflected in our financial statements in the period of change based upon on-going actual experience trends or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Certain accounting estimates, including those concerning revenue recognition and accounts receivable, fair value estimates for goodwill and noncontrolling interests, accounting for income taxes, and loss contingencies are considered to be critical to evaluating and understanding our financial results because they involve inherently uncertain matters and their application requires the most difficult and complex judgments and estimates. For additional information, see Part II Item 15, "*Exhibits, Financial Statement Schedules*" – Note 1 – "*Organization and summary of significant accounting policies*" as referred from Part II Item 8, "*Financial Statements and Supplementary Data*."

U.S. dialysis revenue recognition and accounts receivable. There are significant estimating risks associated with the amount of U.S. dialysis revenue that we recognize in a given reporting period. Payment rates are often subject to significant uncertainties related to wide variations in the coverage terms of the commercial healthcare plans under which we receive payments. In addition, ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage, and other payor issues complicate the billing and collection process. The measurement and recognition of revenue requires the use of estimates of the amounts that will ultimately be realized considering, among other items, retroactive adjustments that may be associated with regulatory reviews, audits, billing reviews and other matters.

Revenues associated with Medicare and Medicaid programs are recognized based on (a) the payment rates that are established by statute or regulation for the portion of the payment rates paid by the government payor (e.g., 80% for Medicare patients) and (b) for the portion not paid by the primary government payor, the estimated amounts that will ultimately be collectible from other government programs providing secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient. Our dialysis-related reimbursements from Medicare are subject to certain variations under Medicare's single bundled payment rate system whereby our reimbursements can be adjusted for certain patient characteristics and other variable factors. Our revenue recognition depends upon our ability to effectively capture, document and bill for Medicare's base payment rate and these other factors. In addition, as a result of the potential range of variations that can occur in our dialysis-related reimbursements from Medicare under the single bundled payment rate system, our revenue recognition is subject to a greater degree of estimating risk.

Commercial healthcare plans, including contracted managed-care payors, are billed at our usual and customary rates; however, revenue is recognized based on estimated net realizable revenue for the services provided. Net realizable revenue is estimated based on contractual terms for the patients covered under commercial healthcare plans with which we have formal agreements, non-contracted commercial healthcare plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in our billing and collection processes that can result in denied claims for payments, the estimated timing of collections, changes in our expectations of the amounts that we expect to collect and regulatory compliance matters. Determining applicable primary and secondary coverage for our approximately 199,400 U.S. dialysis patients at any given point in time, together with the changes in patient coverages that occur each month, requires complex, resource-intensive processes. Collections, refunds and payor retractions typically continue to occur for up to three years or longer after services are provided.

We generally expect the range of our U.S. dialysis revenue estimating risk to be within 1% of revenue, which can represent as much as approximately 5% of our U.S. dialysis business's adjusted operating income. Changes in estimates are reflected in the then-current financial statements based on on-going actual experience trends, or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies. Changes in revenue estimates for prior periods are separately disclosed and reported if material to the current reporting period and longer term trend analyses, and have not been significant.

Revenues for laboratory services, which are integrally related to our dialysis services, are recognized in the period services are provided at the estimated net realizable amounts to be received.

Certain fair value estimates. Fair value measurements and estimates affect, or potentially affect, a variety of elements in the Company's financial statements. Two of the elements most significantly impacted by fair value estimates are the Company's goodwill impairment assessments and remeasurements of its noncontrolling interests subject to put provisions balance.

Goodwill is not amortized, but is assessed for impairment when changes in circumstances warrant and at least annually. An impairment charge is recorded when and to the extent a reporting unit's carrying amount is determined to exceed its estimated fair value. Changes in circumstance that may trigger a goodwill impairment assessment for one of our business units can include, among others, changes in the legal environment, addressable market, business strategy, development or business plans, reimbursement structure or rates, operating performance, future prospects, relationships with partners, interest rates and/or market value indications for the subject business. We use a variety of factors to assess changes in the financial condition, future prospects and other circumstances for businesses subject to goodwill impairment assessment. However, these assessments and the related valuations can involve significant uncertainties and require significant judgment on various matters. See Note 10 to the consolidated financial statements for a sensitivity summary on the Company's reporting units considered at risk of goodwill impairment as of December 31, 2022.

The Company is also required to remeasure its noncontrolling interests subject to put provisions to estimated fair value each reporting period. These estimates also require substantive judgment on meaningful uncertainties concerning this significant balance. See Notes 17 and 24 to the consolidated financial statements for a summary of the Company's approach to these valuations, the variables and uncertainties involved, and the sensitivity of these valuations to changes in a primary aggregate valuation metric.

Accounting for income taxes. Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. We are subject to income taxes in the United States and numerous state and foreign jurisdictions, and changes in tax laws or regulations may be proposed or enacted that could adversely affect our overall tax liability. The actual impact of any such laws or regulations could be materially different from our current estimates.

Significant judgments and estimates are required in determining our consolidated income tax expense. Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets within the jurisdictions from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, results of recent operations, and assumptions about the amount of future federal, state, and foreign pre-tax operating income adjusted for items that do not have tax consequences. The assumptions about future taxable income require significant judgments and are consistent with the plans and estimates we use to manage the underlying businesses. To the extent that recovery is not likely, a valuation allowance is established. The allowance is regularly reviewed and updated for changes in circumstances that would cause a change in judgment about the realizability of the related deferred tax assets.

Loss contingencies. As discussed in Notes 1 and 16 to the consolidated financial statements, we operate in a highly regulated industry and are party to various lawsuits, claims, qui tam suits, governmental investigations and audits (including,

without limitation, investigations or other actions resulting from our obligation to self-report suspected violations of law), contract disputes and other legal proceedings. Assessments of such matters can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. We record accruals for loss contingencies on such matters to the extent that we determine an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. See Note 16 to the consolidated financial statements included in this report for further discussion.

Significant new accounting standards

See Note 1 to the consolidated financial statements included in this report for information regarding certain recent financial accounting standards that have been issued by the Financial Accounting Standards Board (FASB).

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Interest rate sensitivity

The tables below provide information about our financial instruments that are sensitive to changes in interest rates. The first table below presents scheduled principal repayments and current weighted average interest rates on our debt obligations as of December 31, 2022. The variable rates presented reflect the weighted average LIBOR rates in effect for all debt tranches plus the interest rate margins in effect as of December 31, 2022. At December 31, 2022, the Term Loan A interest rate margin in effect was 1.75% and the Term Loan B-1 interest rate margin in effect was also 1.75%. The interest rates in effect on our Term Loan A and revolving line of credit are subject to adjustment depending upon changes in our leverage ratio.

| | Expected maturity date | | | | | | Total | Average interest rate | Fair value ⁽¹⁾ |
|-----------------|------------------------|----------|-------|----------|-------|------------|----------|-----------------------|---------------------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter | | | |
| | (dollars in millions) | | | | | | | | |
| Long term debt: | | | | | | | | | |
| Fixed rate | \$ 41 | \$ 32 | \$ 33 | \$ 43 | \$ 31 | \$ 4,418 | \$ 4,598 | 4.43 % | \$ 3,414 |
| Variable rate | \$ 190 | \$ 1,556 | \$ 35 | \$ 2,584 | \$ 4 | \$ 2 | \$ 4,371 | 4.61 % | \$ 4,268 |

(1) Represents the fair value of our long-term debt excluding financing leases.

The scheduled principal payments for all debt that bears a variable rate by its terms, including all of Term Loan B-1 and Term Loan A, have been included on the variable rate line of the schedule of expected maturities above. Additionally, the principal amounts of Term Loan B-1 and Term Loan A have been included in the calculation of the average variable interest rate presented.

However, principal amounts of \$2,661 million for Term Loan B-1 and \$839 million of Term Loan A (the capped debt) are hedged by our 2019 interest rate cap agreements through June 30, 2024. As of December 31, 2022, applicable LIBOR rates were above the 2.00% threshold of our cap agreements making the interest rates on this capped debt "economically fixed", unless or until applicable LIBOR rates were to fall back below 2.00% during the remaining term of the caps. As a result, as of December 31, 2022, total fixed and economically fixed debt was \$8,098 million, with an average interest rate of 4.28%, while total variable rate debt not subject to caps was \$871 million with an average rate of 6.71%.

| | Notional amount | Contract maturity date | | | | | Receive variable | Fair value |
|-----------------------------------|-----------------------|------------------------|----------|------|------|------|------------------|------------|
| | | 2023 | 2024 | 2025 | 2026 | 2027 | | |
| | (dollars in millions) | | | | | | | |
| 2019 interest rate cap agreements | \$ 3,500 | \$ — | \$ 3,500 | \$ — | \$ — | \$ — | LIBOR above 2.0% | \$ 139.8 |

For a further discussion of our debt and interest rate cap agreements, see Note 13 to our consolidated financial statements at Part II Item 15, "Exhibits, Financial Statement Schedules" – Note 13 as referred from Part II Item 8, "Financial Statements and Supplementary Data."

We believe that our cash flow from operations and other sources of liquidity, including from amounts available under our current credit facilities and our access to the capital markets, will be sufficient to fund our scheduled debt service under the terms of our debt agreements and other obligations for the foreseeable future, including the next 12 months. Our primary recurrent sources of liquidity are cash from operations and cash from borrowings.

One means of assessing exposure to debt-related interest rate changes is a duration-based analysis that measures the potential loss in net income resulting from a hypothetical increase in interest rates of 100 basis points across all variable rate maturities (referred to as a parallel shift in the yield curve). Under this model, with all else held constant, it is estimated that

such an increase would have reduced net income by approximately \$21.4 million, \$33.8 million, and \$34.8 million, net of tax and the effect of our interest rate caps, for the years ended December 31, 2022, 2021, and 2020, respectively.

Exchange rate sensitivity

While our business is predominantly conducted in the U.S., we have developing operations in 11 other countries as well. For financial reporting purposes, the U.S. dollar is our reporting currency. However, the functional currencies of our operating businesses in other countries are typically those of the countries in which they operate. Therefore, changes in the rate of exchange between the U.S. dollar and the local currencies in which our international operations are conducted affect our results of operations and financial position as reported in our consolidated financial statements.

We have consolidated the balance sheets of our non-U.S. dollar denominated operations into U.S. dollars at the exchange rates prevailing at the balance sheet dates and have translated their revenues and expense at average exchange rates during each period. Additionally, our individual subsidiaries are exposed to transactional risks mainly resulting from intercompany transactions between and among subsidiaries with different functional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the invoicing or obligation currencies and the currency in which their local operations are conducted.

We evaluate our exposure to foreign exchange risk through the judgment of our international and corporate management teams. Through 2022, our international operations have remained fairly small relative to the size of our consolidated financial statements, constituting approximately 10% of our consolidated assets and approximately 6% of our consolidated revenues for the year ended December 31, 2022, with no single country constituting more than 4% of consolidated assets. In addition, our unrealized foreign currency translation losses were approximately 2.2%, 4.7%, and 0.4% of our consolidated operating income for the years ended December 31, 2022, 2021 and 2020, respectively.

Given the relatively small size of our international operations, management does not consider our exposure to foreign exchange risk to be significant to the consolidated enterprise. As such, through December 31, 2022, we have not engaged in transactions to hedge the exposure of our international transactions or net investments to foreign currency risk.

Item 8. Financial Statements and Supplementary Data.

See the Index to Financial Statements and Index to Financial Statement Schedules included at Item 15, "*Exhibits, Financial Statement Schedules.*"

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Management has established and maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that it files or submits pursuant to the Securities Exchange Act of 1934 (Exchange Act) as amended is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate to allow for timely decisions regarding required disclosures.

At the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures in accordance with the Exchange Act requirements as of December 31, 2022. Based upon that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as required by the Exchange Act as of such date for our Exchange Act reports, including this report. Management recognizes that these controls and procedures can provide only reasonable assurance of desired outcomes, and that estimates and judgments are still inherent in the process of maintaining effective controls and procedures.

There was no change in the Company's internal control over financial reporting that was identified during the evaluation that occurred during the fourth fiscal quarter of 2022 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We intend to disclose any amendments or waivers to the Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, on our website located at <http://www.davita.com>. In 2002, we adopted a Corporate Governance Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and to all of our financial accounting and legal professionals who are directly or indirectly involved in the preparation, reporting and fair presentation of our financial statements and Exchange Act reports. The Code of Ethics is posted on our website, located at <http://www.davita.com>. We also maintain a Corporate Code of Conduct that applies to all of our employees, officers and directors, which is posted on our website.

Under our Corporate Governance Guidelines all Board Committees including the Audit Committee, Nominating and Governance Committee and the Compensation Committee, which are comprised solely of independent directors as defined within the listing standards of the New York Stock Exchange, have written charters that outline the committee's purpose, goals, membership requirements and responsibilities. These charters are regularly reviewed and updated as necessary by our Board of Directors. All Board Committee charters as well as the Corporate Governance Guidelines are posted on our website located at <http://www.davita.com>.

The other information required to be disclosed by this item will appear in, and is incorporated by reference from, the sections entitled "*Proposal 1 Election of Directors*", "*Corporate Governance*", and "*Security Ownership of Certain Beneficial Owners and Management*" to be included in our definitive proxy statement relating to our 2023 annual stockholder meeting.

Item 11. Executive Compensation.

The information required by this item will appear in, and is incorporated by reference from, the sections entitled "*Executive Compensation*", "*Pay Ratio Disclosure*", "*Compensation of Directors*" and "*Compensation Committee Interlocks and Insider Participation*" included in our definitive proxy statement relating to our 2023 annual stockholder meeting. The information required by Item 407(e)(5) of Regulation S-K will appear in and is incorporated by reference from the section entitled "*Compensation Committee Report*" to be included in our definitive proxy statement relating to our 2023 annual stockholder meeting; however, this information shall not be deemed to be filed.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table provides information about our common stock that may be issued upon the exercise of stock-settled stock appreciation rights, restricted stock units, performance stock units and other rights under all of our existing equity compensation plans as of December 31, 2022, which consist of our DaVita Inc. 2020 Incentive Award Plan, DaVita Healthcare Partners Inc. 2011 Incentive Award Plan and our DaVita Inc. Employee Stock Purchase Plan. The material terms of these plans are described in Note 18 to the consolidated financial statements.

| Plan category (shares in thousands) | Number of shares to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾ | Weighted average exercise price of outstanding options, warrants and rights ⁽²⁾ | Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) | Total of shares reflected in columns (a) and (c) |
|--|--|--|---|--|
| | (a) | (b) | (c) | (d) |
| Equity compensation plans approved by shareholders | 8,729 | \$ 66.00 | 12,517 | 21,246 |
| Equity compensation plans not requiring shareholder approval | — | — | — | — |
| Total | 8,729 | \$ 66.00 | 12,517 | 21,246 |

(1) Includes 536 shares of common stock reserved for issuance in connection with performance share units at the maximum number of shares issuable thereunder.

(2) This weighted average excludes full value awards such as restricted stock units and performance share units.

Other information required to be disclosed by Item 12 will appear in, and is incorporated by reference from, the section entitled "*Security Ownership of Certain Beneficial Owners and Management*" to be included in our definitive proxy statement relating to our 2023 annual stockholder meeting.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will appear in, and is incorporated by reference from, the section entitled "*Certain Relationships and Related Transactions*" and the section entitled "*Corporate Governance*" to be included in our definitive proxy statement relating to our 2023 annual stockholder meeting.

Item 14. Principal Accounting Fees and Services.

The information required by this item will appear in, and is incorporated by reference from, the section entitled "*Proposal 2 Ratification of the Appointment of our Independent Registered Public Accounting Firm*" to be included in our definitive proxy statement relating to our 2023 annual stockholder meeting. Our independent registered public accounting firm is KPMG LLP, Seattle, WA, USA PCAOB ID: 185.

PART IV

Item 15. Exhibits, Financial Statement Schedules.**(a) Documents filed as part of this Report:***(1) Index to Financial Statements:*

| | <u>Page</u> |
|--|-------------|
| Management's Report on Internal Control Over Financial Reporting | F-1 |
| Report of Independent Registered Public Accounting Firm | F-2 |
| Report of Independent Registered Public Accounting Firm | F-4 |
| Consolidated Statements of Income for the years ended December 31, 2022, 2021, and 2020 | F-5 |
| Consolidated Statements of Comprehensive Income for the years ended December 31, 2022, 2021, and 2020 | F-6 |
| Consolidated Balance Sheets as of December 31, 2022 and 2021 | F-7 |
| Consolidated Statements of Cash Flow for the years ended December 31, 2022, 2021, and 2020 | F-8 |
| Consolidated Statements of Equity for the years ended December 31, 2022, 2021, and 2020 | F-9 |
| Notes to Consolidated Financial Statements | F-11 |

(2) Index to Financial Statement Schedules:

| | |
|---|-----|
| Schedule H—Valuation and Qualifying Accounts | S-3 |
|---|-----|

(3) Exhibits

The information required by this Item is set forth in the Exhibit Index that precedes the signature pages of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary.

None.

DAVITA INC.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and which includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

During the last fiscal year, the Company conducted an evaluation, under the oversight of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's internal control over financial reporting. This evaluation was completed based on the criteria established in the report titled "*Internal Control—Integrated Framework (2013)*" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon our evaluation under the COSO framework, we have concluded that the Company's internal control over financial reporting was effective as of December 31, 2022.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which report is included in this Annual Report.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
DaVita Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of DaVita Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 22, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

U.S. dialysis patient service revenue recognition

As discussed in Notes 1 and 2 to the consolidated financial statements, the Company recognized \$10,575 million in U.S. dialysis patient service revenue for the year ended December 31, 2022. There are uncertainties associated with estimating U.S. dialysis patient service revenue, which generally take several years to resolve. As these estimates are refined over time, both positive and negative adjustments are recognized in the current period.

We identified the recognition of the transaction price the Company expects to collect as a result of satisfying its performance obligations related to U.S. dialysis patient service revenue as a critical audit matter because it involves estimation that requires complex auditor judgment. The key assumptions and inputs used to estimate the transaction price relate to ongoing insurance coverage changes, differing interpretations of contract coverage, determination of applicable primary and secondary coverage, coordination of benefits, and varying patient characteristics impacting Medicare reimbursements. Changes to the key assumptions and inputs used in the application of the methodology may have a significant effect on the Company's determination of the estimate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's U.S. dialysis patient service revenue recognition process, including controls related to the application of the methodology used to estimate the transaction price, and the key assumptions and inputs. We evaluated the Company's key assumptions and inputs to estimate the transaction price the Company expects to collect as a result of satisfying its performance obligation by comparing key assumptions to historical collection experience, trends of refunds and payor payment adjustments, delays in the Company's billing and collection process and regulatory compliance matters. Additionally, we compared U.S. dialysis patient service revenue related to the transaction price estimates recognized in prior periods to actual cash collections related to performance obligations satisfied in prior periods to analyze the Company's ability to estimate the transaction price the Company expects to collect as a result of satisfying its performance obligations. We developed an estimate of U.S. dialysis patient service revenue recorded by the Company for the year ended December 31, 2022.

Evaluation of legal proceedings and regulatory matters

As discussed in Note 16 to the consolidated financial statements, the Company operates in a highly regulated industry and is a party to various lawsuits, demands, claims, qui tam suits, governmental investigations and audits (including, without limitation, investigations or other actions resulting from its obligation to self-report suspected violation of law) and other legal proceedings. The Company records accruals for certain legal proceedings and regulatory matters to the extent an unfavorable outcome is probable, and the amount of the loss can be reasonably estimated.

We identified the evaluation of legal proceedings and regulatory matters as a critical audit matter. Due to the nature of the legal proceedings and regulatory matters, a high degree of subjectivity was required in evaluating the completeness of the Company's population of legal proceedings and regulatory matters. Additionally, complex auditor judgment was required in evaluating the Company's probability of outcome assessment, and related disclosures.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's legal proceedings and regulatory matters process. This includes controls over the Company's determination of the completeness of the population of legal proceedings and regulatory matters, as well as controls over the Company's probability of outcome assessment, and related disclosures. We tested existing legal proceedings and regulatory matters by reading certain written correspondence received from outside parties as well as reading certain written responses provided to outside parties. We read letters received directly from the Company's external and internal legal counsel that described certain legal proceedings and regulatory matters. We involved forensic professionals with specialized skills and knowledge who inspected the Company's compliance case log. Additionally, we assessed the completeness of the population of legal proceedings and regulatory matters and related disclosures by 1) inquiring of certain key executives and directors and 2) evaluating information received through procedures described above and through publicly available information about the Company, its competitors, and the industry.

/s/ KPMG LLP

We have served as the Company's auditor since 2000.

Seattle, Washington

February 22, 2023

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
DaVita Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited DaVita Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes and financial statement Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated February 22, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Seattle, Washington
February 22, 2023

DAVITA INC.
CONSOLIDATED STATEMENTS OF INCOME
(dollars and shares in thousands, except per share data)

| | Year ended December 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Dialysis patient service revenues | \$ 11,176,464 | \$ 11,213,515 | \$ 11,026,251 |
| Other revenues | 433,430 | 405,282 | 524,353 |
| Total revenues | <u>11,609,894</u> | <u>11,618,797</u> | <u>11,550,604</u> |
| Operating expenses: | | | |
| Patient care costs | 8,209,553 | 7,972,414 | 7,988,613 |
| General and administrative | 1,355,197 | 1,195,335 | 1,247,584 |
| Depreciation and amortization | 732,602 | 680,615 | 630,435 |
| Equity investment income, net | (26,520) | (26,937) | (26,916) |
| Loss on changes in ownership interest, net | — | — | 16,252 |
| Total operating expenses | <u>10,270,832</u> | <u>9,821,427</u> | <u>9,855,968</u> |
| Operating income | 1,339,062 | 1,797,370 | 1,694,636 |
| Debt expense | (357,019) | (285,254) | (304,111) |
| Debt prepayment, refinancing and redemption charges | — | — | (89,022) |
| Other (loss) income, net | (15,765) | 6,378 | 16,759 |
| Income from continuing operations before income taxes | 966,278 | 1,518,494 | 1,318,262 |
| Income tax expense | 198,087 | 306,732 | 313,932 |
| Net income from continuing operations | 768,191 | 1,211,762 | 1,004,330 |
| Net income (loss) from discontinued operations, net of tax | 13,452 | — | (9,653) |
| Net income | 781,643 | 1,211,762 | 994,677 |
| Less: Net income attributable to noncontrolling interests | (221,243) | (233,312) | (221,035) |
| Net income attributable to DaVita Inc. | <u>\$ 560,400</u> | <u>\$ 978,450</u> | <u>\$ 773,642</u> |
| Earnings per share attributable to DaVita Inc.: | | | |
| Basic net income from continuing operations | \$ 5.88 | \$ 9.30 | \$ 6.54 |
| Basic net income | <u>\$ 6.03</u> | <u>\$ 9.30</u> | <u>\$ 6.46</u> |
| Diluted net income from continuing operations | \$ 5.71 | \$ 8.90 | \$ 6.39 |
| Diluted net income | <u>\$ 5.85</u> | <u>\$ 8.90</u> | <u>\$ 6.31</u> |
| Weighted average shares for earnings per share: | | | |
| Basic shares | 92,992 | 105,230 | 119,797 |
| Diluted shares | <u>95,834</u> | <u>109,948</u> | <u>122,623</u> |
| Amounts attributable to DaVita Inc.: | | | |
| Net income from continuing operations | \$ 546,948 | \$ 978,450 | \$ 783,295 |
| Net income (loss) from discontinued operations | 13,452 | — | (9,653) |
| Net income attributable to DaVita Inc. | <u>\$ 560,400</u> | <u>\$ 978,450</u> | <u>\$ 773,642</u> |

See notes to consolidated financial statements.

DAVITA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)

| | Year ended December 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Net income | \$ 781,643 | \$ 1,211,762 | \$ 994,677 |
| Other comprehensive income, net of tax: | | | |
| Unrealized gains (losses) on interest rate cap agreements: | | | |
| Unrealized gains (losses) | 108,669 | 7,155 | (16,346) |
| Reclassification of net realized (gains) losses into net income | (8,806) | 4,133 | 5,313 |
| Unrealized losses on foreign currency translation | (29,802) | (84,381) | (7,623) |
| Other comprehensive income (loss) | 70,061 | (73,093) | (18,656) |
| Total comprehensive income | 851,704 | 1,138,669 | 976,021 |
| Less: Comprehensive income attributable to noncontrolling interests | (221,243) | (233,312) | (221,035) |
| Comprehensive income attributable to DaVita Inc. | <u>\$ 630,461</u> | <u>\$ 905,357</u> | <u>\$ 754,986</u> |

See notes to consolidated financial statements.

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

| | December 31, 2022 | December 31, 2021 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 244,086 | \$ 461,900 |
| Restricted cash and equivalents | 94,903 | 93,060 |
| Short-term investments | 77,693 | 22,310 |
| Accounts receivable | 2,132,070 | 1,957,583 |
| Inventories | 109,122 | 107,428 |
| Other receivables | 413,976 | 427,321 |
| Prepaid and other current assets | 78,839 | 72,517 |
| Income tax receivable | 4,603 | 25,604 |
| Total current assets | 3,155,292 | 3,167,723 |
| Property and equipment, net of accumulated depreciation | 3,256,397 | 3,479,972 |
| Operating lease right-of-use assets | 2,666,242 | 2,824,787 |
| Intangible assets, net of accumulated amortization | 182,687 | 177,693 |
| Equity method and other investments | 231,108 | 238,881 |
| Long-term investments | 44,329 | 49,514 |
| Other long-term assets | 315,587 | 136,677 |
| Goodwill | 7,076,610 | 7,046,241 |
| | <u>\$ 16,928,252</u> | <u>\$ 17,121,488</u> |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 479,780 | \$ 402,049 |
| Other liabilities | 802,469 | 709,345 |
| Accrued compensation and benefits | 692,654 | 659,960 |
| Current portion of operating lease liabilities | 395,401 | 394,357 |
| Current portion of long-term debt | 231,404 | 179,030 |
| Income tax payable | 18,039 | 53,792 |
| Total current liabilities | 2,619,747 | 2,398,533 |
| Long-term operating lease liabilities | 2,503,068 | 2,672,713 |
| Long-term debt | 8,692,617 | 8,729,150 |
| Other long-term liabilities | 105,233 | 119,158 |
| Deferred income taxes | 782,787 | 830,954 |
| Total liabilities | 14,703,452 | 14,750,508 |
| Commitments and contingencies | | |
| Noncontrolling interests subject to put provisions | 1,348,908 | 1,434,832 |
| Equity: | | |
| Preferred stock (\$0.001 par value, 5,000 shares authorized; none issued) | | |
| Common stock (\$0.001 par value, 450,000 shares authorized; 90,411 and 97,289 shares issued and outstanding at December 31, 2022, and 2021, respectively) | 90 | 97 |
| Additional paid-in capital | 606,935 | 540,321 |
| Retained earnings | 174,487 | 354,337 |
| Accumulated other comprehensive loss | (69,186) | (139,247) |
| Total DaVita Inc. shareholders' equity | 712,326 | 755,508 |
| Noncontrolling interests not subject to put provisions | 163,566 | 180,640 |
| Total equity | 875,892 | 936,148 |
| | <u>\$ 16,928,252</u> | <u>\$ 17,121,488</u> |

See notes to consolidated financial statements.

DAVITA INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(dollars in thousands)

| | Year ended December 31, | | |
|--|-------------------------|--------------------|--------------------|
| | 2022 | 2021 | 2020 |
| Cash flows from operating activities: | | | |
| Net income | \$ 781,643 | \$ 1,211,762 | \$ 994,677 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 732,602 | 680,615 | 630,435 |
| Debt prepayment, refinancing and redemption charges | — | — | 86,957 |
| Stock-based compensation expense | 95,427 | 102,209 | 91,458 |
| Deferred income taxes | (75,669) | 60,483 | 240,848 |
| Equity investment income, net | 8,773 | 5,215 | 13,830 |
| Loss on sales of business interests, net | — | — | 24,248 |
| Other non-cash charges, net | 21,693 | 11,231 | 747 |
| Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: | | | |
| Accounts receivable | (148,394) | (138,140) | (21,087) |
| Inventories | (757) | 5,720 | (12,349) |
| Other receivables and prepaid and other current assets | 27,533 | 128,661 | (79,277) |
| Other long-term assets | (50,549) | (26,387) | (6,123) |
| Accounts payable | 87,481 | (30,320) | 37,200 |
| Accrued compensation and benefits | 34,536 | (16,717) | (20,931) |
| Other current liabilities | 89,955 | (93,645) | 105,637 |
| Income taxes | (24,103) | 36,921 | (87,391) |
| Other long-term liabilities | (15,601) | (6,732) | (19,851) |
| Net cash provided by operating activities | <u>1,564,570</u> | <u>1,930,876</u> | <u>1,979,028</u> |
| Cash flows from investing activities: | | | |
| Additions of property and equipment | (603,429) | (641,465) | (674,541) |
| Acquisitions | (57,308) | (187,050) | (182,013) |
| Proceeds from asset and business sales | 117,582 | 61,464 | 50,139 |
| Purchase of debt investments held-to-maturity | (129,803) | (30,849) | (150,701) |
| Purchase of other debt and equity investments | (3,590) | (2,987) | (3,757) |
| Proceeds from debt investments held-to-maturity | 71,125 | 15,849 | 151,213 |
| Proceeds from sale of other debt and equity investments | 3,781 | 12,030 | 3,491 |
| Purchase of equity method investments | (31,885) | (13,924) | (22,341) |
| Distributions from equity method investments | 3,962 | 2,944 | 3,139 |
| Other | (782) | (745) | — |
| Net cash used in investing activities | <u>(630,347)</u> | <u>(784,733)</u> | <u>(825,371)</u> |
| Cash flows from financing activities: | | | |
| Borrowings | 2,393,116 | 1,615,370 | 4,046,775 |
| Payments on long-term debt | (2,404,395) | (861,115) | (4,110,304) |
| Deferred financing and debt redemption costs | (3) | (9,091) | (105,848) |
| Purchase of treasury stock | (802,228) | (1,538,626) | (1,458,442) |
| Distributions to noncontrolling interests | (267,946) | (244,033) | (253,118) |
| Net payments related to stock purchases and awards | (37,367) | (60,001) | (975) |
| Contributions from noncontrolling interests | 14,797 | 31,754 | 42,966 |
| Proceeds from sales of additional noncontrolling interests | 3,673 | 2,880 | — |
| Purchases of noncontrolling interests | (20,775) | (20,104) | (7,831) |
| Net cash used in financing activities | <u>(1,121,128)</u> | <u>(1,082,966)</u> | <u>(1,846,777)</u> |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (29,066) | (10,007) | (13,808) |
| Net (decrease) increase in cash, cash equivalents and restricted cash | <u>(215,971)</u> | <u>53,170</u> | <u>(706,928)</u> |
| Cash, cash equivalents and restricted cash at beginning of the year | <u>554,960</u> | <u>501,790</u> | <u>1,208,718</u> |
| Cash, cash equivalents and restricted cash at end of the year | <u>\$ 338,989</u> | <u>\$ 554,960</u> | <u>\$ 501,790</u> |

See notes to consolidated financial statements.

DAVITA INC.
CONSOLIDATED STATEMENTS OF EQUITY
(dollars and shares in thousands)

| | DaVita Inc. Shareholders' Equity | | | | | | | | | |
|--|---|--------------|--------|----------------------------|-------------------|----------------|-------------|---|--------------|---|
| | Non-controlling interests subject to put provisions | Common stock | | Additional paid-in capital | Retained earnings | Treasury stock | | Accumulated other comprehensive income (loss) | Total | Non-controlling interests not subject to put provisions |
| | | Shares | Amount | | | Shares | Amount | | | |
| Balance at December 31, 2019 | \$ 1,180,376 | 125,843 | \$ 126 | \$ 749,043 | \$ 1,431,738 | — | \$ — | \$ (47,498) | \$ 2,133,409 | \$ 185,833 |
| Comprehensive income: | | | | | | | | | | |
| Net income | 141,879 | | | | 773,642 | | | | 773,642 | 79,156 |
| Other comprehensive income | | | | | | | | (18,656) | (18,656) | |
| Stock purchase plan | | 222 | — | 17,148 | | | | | 17,148 | |
| Stock award plan | | 345 | — | (17,801) | | | | | (17,801) | |
| Stock-settled stock-based compensation expense | | | | 90,007 | | | | | 90,007 | |
| Changes in noncontrolling interest from: | | | | | | | | | | |
| Distributions | (163,175) | | | | | | | | | (89,943) |
| Contributions | 30,154 | | | | | | | | | 12,812 |
| Acquisitions and divestitures | (3,215) | | | | | | | | | (248) |
| Partial purchases | (7,771) | | | 4,364 | | | | | 4,364 | (4,424) |
| Fair value remeasurements | 151,780 | | | (151,780) | | | | | (151,780) | |
| Purchase of treasury stock | | | | | | (16,477) | (1,446,767) | | (1,446,767) | |
| Retirement of treasury stock | | (16,477) | (16) | (93,908) | (1,352,843) | 16,477 | 1,446,767 | | — | |
| Balance at December 31, 2020 | \$ 1,330,028 | 109,933 | \$ 110 | \$ 597,073 | \$ 852,537 | — | \$ — | \$ (66,154) | \$ 1,383,566 | \$ 183,186 |
| Comprehensive income: | | | | | | | | | | |
| Net income | 160,359 | | | | 978,450 | | | | 978,450 | 72,953 |
| Other comprehensive income | | | | | | | | (73,093) | (73,093) | |
| Stock purchase plan | | 203 | — | 19,626 | | | | | 19,626 | |
| Stock award plans | | 1,030 | 1 | (80,642) | | | | | (80,641) | |
| Stock-settled stock-based compensation expense | | | | 100,714 | | | | | 100,714 | |
| Changes in noncontrolling interest from: | | | | | | | | | | |
| Distributions | (159,259) | | | | | | | | | (84,774) |
| Contributions | 22,672 | | | | | | | | | 9,082 |
| Acquisitions and divestitures | 5,903 | | | (264) | | | | | (264) | 1,250 |
| Partial purchases | (588) | | | (13,853) | | | | | (13,853) | (1,057) |
| Fair value remeasurements | 75,717 | | | (75,717) | | | | | (75,717) | |
| Purchase of treasury stock | | | | | | (13,877) | (1,546,016) | | (1,546,016) | |
| Retirement of treasury stock | | (13,877) | (14) | (69,352) | (1,476,650) | 13,877 | 1,546,016 | | — | |
| Deferred taxes from partnership buyouts | | | | 62,736 | | | | | 62,736 | |
| Balance at December 31, 2021 | \$ 1,434,832 | 97,289 | \$ 97 | \$ 540,321 | \$ 354,337 | — | \$ — | \$ (139,247) | \$ 755,508 | \$ 180,640 |

DAVITA INC.
CONSOLIDATED STATEMENTS OF EQUITY - continued
(dollars and shares in thousands)

| | DaVita Inc. Shareholders' Equity | | | | | | | | | |
|---|--|---------------|--------------|----------------------------------|----------------------|----------------|-------------|--|-------------------|--|
| | Non- controlling interests subject to put provisions | Common stock | | Additional paid-in capital | Retained earnings | Treasury stock | | Accumulated other comprehensive income (loss) | Total | Non- controlling interests not subject to put provisions |
| | | Shares | Amount | | | Shares | Amount | | | |
| Balance at December 31, 2021 | \$ 1,434,832 | 97,289 | \$ 97 | \$ 540,321 | \$ 354,337 | — | \$ — | \$ (139,247) | \$ 755,508 | \$ 180,640 |
| Comprehensive income: | | | | | | | | | | |
| Net income | 151,379 | | | | 560,400 | | | | 560,400 | 69,864 |
| Other comprehensive income | | | | | | | | 70,061 | 70,061 | |
| Stock purchase plan | | 285 | — | 18,061 | | | | | 18,061 | |
| Stock award plans | | 932 | 1 | (55,921) | | | | | (55,920) | |
| Stock-settled stock-based compensation expense | | | | 95,230 | | | | | 95,230 | |
| Changes in noncontrolling interest from: | | | | | | | | | | |
| Distributions | (176,957) | | | | | | | | | (90,989) |
| Contributions | 10,962 | | | | | | | | | 3,835 |
| Acquisitions and divestitures | 2,392 | | | 939 | | | | | 939 | 866 |
| Partial purchases | (11,670) | | | (6,586) | | | | | (6,586) | (193) |
| Fair value remeasurements | (62,487) | | | 62,487 | | | | | 62,487 | |
| Other | 457 | | | | | | | | | (457) |
| Purchase of treasury stock | | | | | | (8,095) | (787,854) | | (787,854) | |
| Retirement of treasury stock | | (8,095) | (8) | (47,596) | (740,250) | 8,095 | 787,854 | | | |
| Balance at December 31, 2022 | <u>\$ 1,348,908</u> | <u>90,411</u> | <u>\$ 90</u> | <u>\$ 606,935</u> | <u>\$ 174,487</u> | <u>—</u> | <u>\$ —</u> | <u>\$ (69,186)</u> | <u>\$ 712,326</u> | <u>\$ 163,566</u> |

See notes to consolidated financial statements.

1. Organization and summary of significant accounting policies

Organization

The Company's operations are comprised of its dialysis and related lab services to patients in the United States (its U.S. dialysis business), its U.S. integrated kidney care (IKC) business, its U.S. other ancillary services and its international operations (collectively, its ancillary services), as well as its corporate administrative support.

The Company's largest line of business is its U.S. dialysis business, which operates kidney dialysis centers in the U.S. for patients suffering from chronic kidney failure, also known as end stage renal disease or end stage kidney disease (ESRD or ESKD). As of December 31, 2022, the Company operated or provided administrative services through a network of 2,724 U.S. outpatient dialysis centers in 46 states and the District of Columbia, serving a total of approximately 199,400 patients. In addition, as of December 31, 2022, the Company operated or provided administrative services to a total of 350 outpatient dialysis centers serving approximately 45,600 patients located in 11 countries outside of the U.S.

On June 19, 2019, the Company completed the sale of its prior DaVita Medical Group (DMG) business to Collaborative Care Holdings, LLC (Optum), a subsidiary of UnitedHealth Group Inc. The effects of the DMG sale on the Company's consolidated financial statements have been reported in discontinued operations for all periods presented. For information on how the DMG sale has affected these results, see Note 22.

The Company's U.S. dialysis and related lab services business qualifies as a separately reportable segment, and all other operating segments have been combined and disclosed in the other segments category.

Basis of presentation

These consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). The financial statements include DaVita Inc. and its subsidiaries, partnerships and other entities in which it maintains a majority voting or other controlling financial interest (collectively, the Company). All significant intercompany transactions and balances have been eliminated. Equity investments in investees over which the Company has significant influence are recorded on the equity method, while investments in other equity securities are recorded at fair value or on the adjusted cost method, as applicable. For the Company's international subsidiaries, local currencies are considered their functional currencies. Translation adjustments result from translating the financial statements of the Company's international subsidiaries from their functional currencies into the Company's reporting currency (the U.S. dollar, or USD). Prior year classifications have been conformed to the current year presentation.

The Company has evaluated subsequent events through the date these consolidated financial statements were issued and has included all necessary adjustments and disclosures.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingencies and noncontrolling interests subject to put provisions. Although actual results in subsequent periods will differ from these estimates, such estimates are developed based on the best information available to management and management's best judgments at the time. All significant assumptions and estimates underlying the amounts reported in the financial statements and accompanying notes are regularly reviewed and updated when necessary. Changes in estimates are reflected in the financial statements based upon on-going actual experience trends or subsequent settlements and realizations depending on the nature and predictability of the estimates and contingencies.

The most significant assumptions and estimates underlying these consolidated financial statements and accompanying notes involve revenue recognition and accounts receivable, impairments of goodwill, accounting for income taxes, certain fair value estimates and loss contingencies. Specific estimating risks and contingencies are further addressed within these notes to the consolidated financial statements.

Revenues

Dialysis patient service revenues

Revenues are recognized based on the Company's estimate of the transaction price the Company expects to collect as a result of satisfying its performance obligations. Dialysis patient service revenues are recognized in the period services are

provided based on these estimates. Revenues consist primarily of payments from government and commercial health plans for dialysis services provided to patients. The Company maintains a usual and customary fee schedule for its dialysis treatments and related lab services; however, actual collectible revenue is normally recognized at a discount from this fee schedule.

Revenues associated with Medicare and Medicaid programs are estimated based on: (a) the payment rates that are established by statute or regulation for the portion of payment rates paid by the government payor (e.g., 80% for Medicare patients) and (b) for the portion not paid by the primary government payor, estimates of the amounts ultimately collectible from other government programs providing secondary coverage (e.g., Medicaid secondary coverage), the patient's commercial health plan secondary coverage, or the patient.

Under Medicare's bundled payment rate system, services covered by Medicare are subject to estimating risk, whereby reimbursements from Medicare can vary significantly depending upon certain patient characteristics and other variable factors. Even with the bundled payment rate system, Medicare payments for bad debt claims as established by cost reports require evidence of collection efforts. As a result, billing and collection of Medicare bad debt claims can be delayed significantly and final payment is subject to audit. The Company's revenue recognition is estimated based on its judgment regarding its ability to collect, which depends upon its ability to effectively capture, document and bill for Medicare's base payment rate as well as these other variable factors.

Medicare Advantage revenues are reimbursed at negotiated contract rates that are generally higher than Medicare fee-for-service rates, but which generally have a slower payment frequency than Medicare fee-for-service payments, and some of which are subject to certain quality or performance adjustments. Medicare Advantage revenues are subject to meaningful estimating risk based on factors similar to those described for commercial health plans below.

Medicaid payments, when Medicaid coverage is secondary, can also be difficult to estimate. For many states, Medicaid payment terms and methods differ from Medicare, and may prevent accurate estimation of individual payment amounts prior to billing.

Revenues associated with commercial health plans are estimated based on contractual terms for the patients under healthcare plans with which the Company has formal agreements, non-contracted health plan coverage terms if known, estimated secondary collections, historical collection experience, historical trends of refunds and payor payment adjustments (retractions), inefficiencies in the Company's billing and collection processes that can result in denied claims for payments, delays in collections due to payor payment inefficiencies, and regulatory compliance matters.

Commercial revenue recognition also involves significant estimating risks. With many larger commercial insurers, the Company has several different contracts and payment arrangements, and these contracts often include only a subset of the Company's centers. Some of our commercial revenue contracts are also subject to certain quality or performance adjustments. In certain circumstances, it may not be possible to determine which contract, if any, should be applied prior to billing. In addition, for services provided by non-contracted centers, final collection may require specific negotiation of a payment amount, typically at a significant discount from the Company's usual and customary rates.

Other revenues

Other revenues consist of revenues earned by the Company's non-dialysis ancillary services as well as fees for management and administrative services to outpatient dialysis businesses that the Company does not consolidate. Other revenues are estimated in the period services are provided.

The Company's IKC revenues include revenues earned under risk-based arrangements, including value-based care (VBC) arrangements. Under its VBC arrangements, the Company assumes full or shared financial risk for the total medical cost of care for patients below or above a benchmark. The benchmarks against which the Company incurs profit or loss on these contracts are typically based on the underlying premiums paid to the insuring entity (the Company's counterparty), with adjustments where applicable, or on trended and adjusted medical cost targets.

For some of the Company's risk-based arrangements (such as its special needs plans), the Company acts as a principal with respect to all medical services provided to the patient by effectively hosting or sponsoring the entire arrangement, and as a result recognizes revenue and expense for all medical services provided to covered patients. However, for most of its VBC arrangements, the Company provides health monitoring and care coordination services to patients but does not control or direct the medical services that patients receive from third party providers. As a result, for most of its VBC arrangements the Company does not include third party medical costs in its reported revenues and expenses, but rather recognizes revenue only for the estimated amount of shared savings or shared losses or related revenues that are directly earned or incurred by the Company, and ultimately paid to or by the Company, under the arrangement.

Other income

Other income includes interest income on cash and cash equivalents and short- and long-term investments, realized and unrealized gains and losses recognized on investments, impairments on investments, and foreign currency transaction gains and losses.

Cash and cash equivalents

Cash equivalents are short-term highly liquid investments readily convertible to known amounts of cash that typically mature within three months or less at date of purchase.

Restricted cash and equivalents

Restricted cash and cash equivalents include funds held in trust to satisfy insurer and state regulatory requirements related to wholly-owned captive insurance companies that bear professional and general liability and workers' compensation risks for the Company as well as funds held in escrow. See Note 4 for further details.

Investments in debt and equity securities

The Company classifies certain debt securities as held-to-maturity and records them at amortized cost based on the Company's intentions and strategies concerning those investments. Equity securities that have readily determinable fair values or redemption values are recorded at estimated fair value with changes in fair value recognized in current earnings within other income. These debt and equity investments are classified as short-term investments or long-term investments on the Company's consolidated balance sheet. See Note 5 for further details.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value and consist principally of pharmaceuticals and dialysis-related supplies. Rebates related to inventory purchases are recorded when earned and are based on certain qualification requirements which are dependent on a variety of factors including future pricing levels and purchase volume levels from the manufacturer and related data submission.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and is further reduced by any impairments. Maintenance and repairs are charged to expense as incurred. Property and equipment assets are reviewed for possible impairment whenever significant events or changes in circumstances indicate that an impairment may have occurred. Property and equipment impairment assessments are performed at a location or market level, as applicable, based on the specific cash flows they support or protect. If the Company commits to a plan to dispose of a long-lived asset before the end of its previously estimated useful life, cash flow estimates are revised accordingly, and the Company records an asset impairment, if applicable, or accelerates depreciation over the revised estimated useful life. Upon sale or retirement of long-lived assets, the cost and related accumulated depreciation or amortization are removed from the balance sheet and any resulting gain or loss is included in current operating expenses.

Leases

The Company leases substantially all of its U.S. dialysis facilities. The majority of the Company's facilities are leased under non-cancellable operating leases which contain renewal options. These renewal options are included in the Company's determination of the right-of-use assets and related lease liabilities when renewal is considered reasonably certain at the commencement date. The Company's leases are generally subject to fixed escalation clauses or contain consumer price index increases.

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance leases. Finance leases are generally those leases that allow the Company to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. The Company has elected the practical expedient to not separate lease components from non-lease components for its financing and operating leases. For short-term leases with a term of less than 12 months, the Company does not recognize right-of-use assets or lease liabilities and instead recognizes short-term lease costs as rent expense directly as incurred.

Financing and operating lease liabilities are measured at the net present value of lease payments over the lease term as of the commencement date. Since most of the Company's leases do not provide an implicit rate of return, the Company uses its

incremental borrowing rate based on information available at the commencement date or remeasurement date in determining the present value of lease payments.

Assets acquired under finance leases are recorded on the balance sheet within property and equipment, net and liabilities for finance lease obligations are recorded within long-term debt. Finance lease assets are amortized to depreciation expense on a straight-line basis over the shorter of their estimated useful lives or the expected lease term. Accretion of interest on finance lease liabilities is included in debt expense.

Rights to use assets under operating leases are recorded on the balance sheet as operating lease right-of-use assets and liabilities for operating lease obligations are recorded as operating lease liabilities. Both amortization of operating lease right-of-use assets, and interest accretion on operating lease liabilities, are recorded to rent expense over the lease term. Rent expenses are included in patient care costs or general and administrative expense, as applicable, based on the business unit or corporate function for which the space is leased.

Amortizable intangibles

Amortizable intangible assets include noncompetition agreements, hospital service contracts, and customer relationships arising from other service contracts, each of which have finite useful lives. Amortization expense is computed using the straight-line method over the useful lives of the assets estimated as follows: noncompetition agreements and hospital acute service contracts over the contract term, and customer relationships from other service contracts over the remaining contract term plus expected renewal periods. Amortizable intangible assets are reviewed for possible impairment whenever significant events or changes in circumstances indicate that an impairment may have occurred. Amortizable intangible asset impairment assessments are performed on a location, market or business unit basis, as applicable, based on the specific cash flows they support or protect.

Indefinite-lived intangibles

Indefinite-lived intangible assets include international licenses and accreditations that allow the Company to be reimbursed for providing dialysis services to patients, each of which has an indefinite useful life. Indefinite-lived intangibles are not amortized, but are assessed for impairment at least annually and whenever significant events or changes in circumstances indicate that an impairment may have occurred. Costs to renew indefinite-lived intangible assets are expensed as incurred.

Equity method and other investments

Equity investments that do not have readily determinable fair values are carried on the equity method if the Company maintains significant influence over the investee unless the fair value option is elected. Equity investments without readily determinable fair values for which the Company does not maintain significant influence over the investee are carried either on the adjusted cost method or at estimated fair value, as determined on an investment-specific basis. The adjusted cost method represents the Company's cost for an investment, net of any impairments, as adjusted for any subsequent observable price changes. These equity investments are classified as equity method and other investments on the Company's consolidated balance sheet. See Note 9 for further details.

Equity method investments are assessed for other-than-temporary impairment when significant events or changes in circumstances indicate that an other-than-temporary impairment may have occurred. An other-than-temporary impairment charge is recorded when the fair value of an investment has fallen below its carrying amount and the shortfall is expected to be indefinitely or permanently unrecoverable.

Income and expense from nonconsolidated dialysis partnerships accounted for as equity method investments are recorded within equity investment income, net. For ownership interests accounted for as equity method investments other than dialysis partnerships, income and expense are included on up to a one quarter lag in other (loss) income, net.

Goodwill

Goodwill represents the difference between the fair value of businesses acquired and the fair value of the identifiable tangible and intangible net assets acquired. Goodwill is not amortized, but is assessed by individual reporting unit for impairment as circumstances warrant and at least annually. An impairment charge is recognized when and to the extent a reporting unit's carrying amount is determined to exceed its fair value. The Company operates multiple reporting units. See Note 10 for further details.

Self-insurance

The Company predominantly self-insures its professional and general liability, workers' compensation and automobile risks, and a portion of its employment liability practice risks, through its wholly-owned captive insurance companies, with excess or reinsurance coverage for additional protection. The Company is also predominantly self-insured with respect to employee medical and other health benefits. The Company records insurance liabilities for the professional and general liability, workers' compensation, automobile, employee health benefit and portion of employment liability practice risks that it retains and estimates its liability for those risks using third party actuarial calculations that are based upon historical claims experience and expectations for future claims.

Income taxes

Federal, state and foreign income taxes are computed at currently enacted tax rates less tax credits using the asset and liability method. Deferred taxes are adjusted both for items that do not currently have tax consequences and for the cumulative effect of any changes in tax rates from those previously used to determine deferred tax assets or liabilities. Tax provisions include amounts that are currently payable, changes in deferred tax assets and liabilities that arise because of temporary differences between the timing of when items of income and expense are recognized for financial reporting and income tax purposes, changes in the recognition of tax positions and any changes in the valuation allowance caused by a change in judgment about the realizability of the related deferred tax assets. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company uses a recognition threshold of more-likely-than-not and a measurement attribute on all tax positions taken or expected to be taken in a tax return in order to be recognized in the financial statements. Once the recognition threshold is met, the tax position is then measured to determine the actual amount of benefit to recognize in the financial statements.

Stock-based compensation

The Company's stock-based compensation expense for stock-settled awards is measured at the estimated fair value of awards on the date of grant and recognized on a cumulative straight-line basis over the vesting terms of the awards, unless the stock awards are based on non-market-based performance metrics, in which case expense is adjusted for the ultimate number of shares expected to be issued as of the end of each reporting period. Stock-based compensation expense for cash-settled awards is based on their estimated fair values as of the end of each reporting period. The expense for all stock-based awards is recognized net of expected forfeitures.

Stock-based compensation to be settled in shares is recorded to the Company's shareholders' contributed capital, while stock-based compensation to be settled in cash is recorded as a liability. Shares issued upon exercise or, when applicable, vesting of stock awards, are issued from authorized but unissued shares.

Interest rate cap agreements

The Company often carries a combination of current or forward interest rate caps on portions of its variable rate debt as a means of hedging its exposure to changes in LIBOR interest rates as part of its overall interest rate risk management strategy. These interest rate caps are not held for trading or speculative purposes and are designated as qualifying cash flow hedges. See Note 13 for further details.

Noncontrolling interests

Noncontrolling interests represent third-party equity ownership interests in entities which are consolidated by the Company for financial statement reporting purposes. As of December 31, 2022, third parties held noncontrolling equity interests in 689 consolidated legal entities.

Fair value estimates

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are determined based on the principal or most advantageous market for the item being measured, assume that buyers and sellers are independent, willing and able to transact, and knowledgeable, with access to all information customarily available in such a transaction, and are based on assumptions that market participants would use in pricing the item, not assumptions specific to the reporting entity. The criticality of a particular fair value estimate to the Company's consolidated financial statements depends upon the nature and size of the item being measured, the extent of uncertainties involved and the nature and magnitude or potential effect of

assumptions and judgments required. Certain fair value estimates can involve significant uncertainties and require significant judgment on various matters, some of which could be subject to reasonable disagreement. See Note 24 for further details.

The Company relies on fair value measurements and estimates for purposes that require the recording, reassessment, or adjustment of the carrying amounts of certain assets, liabilities, and noncontrolling interests subject to put provisions (redeemable equity interests classified as temporary equity). These purposes can include the accounting for business combination transactions; impairment assessments for goodwill, other intangible assets, or other long-lived assets; recurrent revaluation of investments in debt and equity securities, contingent earn-out obligations, interest rate cap agreements, and noncontrolling interests subject to put provisions; and the accounting for equity method and other investments and stock-based compensation, as applicable. The Company has classified its assets, liabilities and temporary equity into the fair value hierarchy levels defined by the Financial Accounting Standards Board (FASB) reflecting their differing degrees of uncertainty. See Note 24 for further details.

New accounting standards

New standards not yet adopted

In March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04)*. ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another rate that is expected to be discontinued. The amendments in this ASU were effective beginning on March 12, 2020, and the Company could elect to apply the amendments prospectively through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which extends the election date to December 31, 2024. Effective January 1, 2022 certain LIBOR tenors that do not affect the Company, including the one-week and two-month U.S. dollar LIBOR rate, ceased or became non-representative. The remaining U.S. dollar LIBOR tenors will cease or become non-representative effective July 1, 2023. This change will have no impact on the Company's ability to borrow. The Company is currently assessing the other effects this guidance may have on its consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Acquired Contract Assets and Contract Liabilities (ASU 2021-08)*. ASU 2021-08 requires application of ASC 606, *Revenue from Contracts with Customers*, to recognize and measure assets and liabilities from contracts with customers acquired in a business combination. This ASU creates an exception to the general recognition and measurement principle in ASC 805 and will result in recognition of contract assets and contract liabilities consistent with those recorded by the acquiree immediately before the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for all entities. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

2. Revenue recognition and accounts receivable

The Company's revenues by segment and primary payor source were as follows:

| | Year ended December 31, 2022 | | |
|---------------------------------------|------------------------------|----------------------------|----------------------|
| | U.S. dialysis | Other - Ancillary services | Consolidated |
| Patient service revenues: | | | |
| Medicare and Medicare Advantage | \$ 6,041,496 | | \$ 6,041,496 |
| Medicaid and Managed Medicaid | 759,579 | | 759,579 |
| Other government | 336,991 | 464,921 | 801,912 |
| Commercial | 3,437,306 | 223,216 | 3,660,522 |
| Other revenues: | | | |
| Medicare and Medicare Advantage | | 345,340 | 345,340 |
| Medicaid and Managed Medicaid | | 1,546 | 1,546 |
| Commercial | | 22,211 | 22,211 |
| Other ⁽¹⁾ | 24,437 | 44,092 | 68,529 |
| Eliminations of intersegment revenues | (87,035) | (4,206) | (91,241) |
| Total | \$ 10,512,774 | \$ 1,097,120 | \$ 11,609,894 |

(1) Other consists primarily of management service fees earned in the respective Company line of business as well as other non-patient service revenue from the Company's U.S. IKC and other ancillary services and international operations.

| | Year ended December 31, 2021 | | |
|---------------------------------------|------------------------------|----------------------------|----------------------|
| | U.S. dialysis | Other - Ancillary services | Consolidated |
| Patient service revenues: | | | |
| Medicare and Medicare Advantage | \$ 6,133,235 | | \$ 6,133,235 |
| Medicaid and Managed Medicaid | 782,430 | | 782,430 |
| Other government | 328,256 | 463,385 | 791,641 |
| Commercial | 3,397,697 | 199,024 | 3,596,721 |
| Other revenues: | | | |
| Medicare and Medicare Advantage | | 326,696 | 326,696 |
| Medicaid and Managed Medicaid | | 1,321 | 1,321 |
| Commercial | | 15,553 | 15,553 |
| Other ⁽¹⁾ | 25,345 | 40,945 | 66,290 |
| Eliminations of intersegment revenues | (90,796) | (4,294) | (95,090) |
| Total | \$ 10,576,167 | \$ 1,042,630 | \$ 11,618,797 |

(1) Other consists primarily of management service fees earned in the respective Company line of business as well as other non-patient service revenue from the Company's U.S. IKC and other ancillary services and international operations.

| | Year ended December 31, 2020 | | |
|--|------------------------------|----------------------------|----------------------|
| | U.S. dialysis | Other - Ancillary services | Consolidated |
| Patient service revenues: | | | |
| Medicare and Medicare Advantage ⁽¹⁾ | \$ 6,169,226 | \$ | \$ 6,169,226 |
| Medicaid and Managed Medicaid | 744,862 | | 744,862 |
| Other government ⁽¹⁾ | 334,714 | 380,584 | 715,298 |
| Commercial | 3,370,562 | 170,394 | 3,540,956 |
| Other revenues: | | | |
| Medicare and Medicare Advantage | | 419,662 | 419,662 |
| Medicaid and Managed Medicaid | | 1,227 | 1,227 |
| Commercial | | 33,246 | 33,246 |
| Other ⁽²⁾ | 40,571 | 47,585 | 88,156 |
| Eliminations of intersegment revenues | (145,286) | (16,743) | (162,029) |
| Total | \$ 10,514,649 | \$ 1,035,955 | \$ 11,550,604 |

- (1) During the first quarter of 2021, the Company realigned the classification of revenue previously disclosed in the "Other government" category to the "Medicare and Medicare Advantage" category for certain government-reimbursed plans which have structure and payment characteristics similar to traditional Medicare Advantage plans. The classification of revenue for these plans for the year ended December 31, 2020 has also been recast to conform to this presentation.
- (2) Other consists primarily of management service fees earned in the respective Company line of business as well as other non-patient revenue from the Company's U.S. IKC and other ancillary services and international operations.

The majority of the Company's non-patient service revenues from Medicare and Medicare Advantage, Medicaid and Managed Medicaid, and commercial sources represent risk-based revenues earned by the Company's U.S. integrated care and disease management business.

As described in Note 1, there are significant risks associated with estimating revenue, many of which take several years to resolve. These estimates are subject to ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage and other payor issues, as well as patient issues including determining applicable primary and secondary coverage, changes in patient coverage and coordination of benefits. As these estimates are refined over time, both positive and negative adjustments to revenue are recognized in the current period.

No single commercial payor accounted for more than 10% of consolidated revenues or consolidated accounts receivable for the periods presented in these consolidated financial statements or at their period-ends, respectively.

Dialysis services accounts receivable and other receivables from Medicare, including Medicare Advantage plans, and Medicaid, including managed Medicaid plans, were approximately \$1,113,499 and \$1,174,123 as of December 31, 2022 and 2021, respectively. Approximately 18% and 16% of the Company's patient services accounts receivable balances as of December 31, 2022 and 2021, respectively, were more than six months old. There were no significant balances over one year old at December 31, 2022. The Company's accounts receivable are principally due from Medicare and Medicaid programs and commercial insurance plans.

3. Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the Company by the weighted average number of common shares outstanding. Weighted average common shares outstanding include restricted stock unit awards that are no longer subject to forfeiture because the recipients have satisfied either their explicit vesting terms or retirement eligibility requirements.

Diluted earnings per share includes the dilutive effect of outstanding stock-settled stock appreciation rights and unvested stock units as computed under the treasury stock method.

The reconciliations of the numerators and denominators used to calculate basic and diluted earnings per share were as follows:

| | Year ended December 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Net income (loss) attributable to DaVita Inc.: | | | |
| Continuing operations | \$ 546,948 | \$ 978,450 | \$ 783,295 |
| Discontinued operations | 13,452 | — | (9,653) |
| Net income attributable to DaVita Inc. | <u>\$ 560,400</u> | <u>\$ 978,450</u> | <u>\$ 773,642</u> |
| Weighted average shares outstanding: | | | |
| Basic shares | 92,992 | 105,230 | 119,797 |
| Assumed incremental from stock plans | 2,842 | 4,718 | 2,826 |
| Diluted shares | <u>95,834</u> | <u>109,948</u> | <u>122,623</u> |
| Basic net income (loss) attributable to DaVita Inc.: | | | |
| Continuing operations per share | \$ 5.88 | \$ 9.30 | \$ 6.54 |
| Discontinued operations per share | 0.15 | — | (0.08) |
| Basic net income per share attributable to DaVita Inc. | <u>\$ 6.03</u> | <u>\$ 9.30</u> | <u>\$ 6.46</u> |
| Diluted net income (loss) attributable to DaVita Inc.: | | | |
| Continuing operations per share | \$ 5.71 | \$ 8.90 | \$ 6.39 |
| Discontinued operations per share | 0.14 | — | (0.08) |
| Diluted net income per share attributable to DaVita Inc. | <u>\$ 5.85</u> | <u>\$ 8.90</u> | <u>\$ 6.31</u> |
| Anti-dilutive stock-settled awards excluded from calculation ⁽¹⁾ | <u>1,058</u> | <u>116</u> | <u>2,301</u> |

(1) Shares associated with stock awards excluded from the diluted denominator calculation because they were anti-dilutive under the treasury stock method.

4. Restricted cash and equivalents

The Company had restricted cash and cash equivalents of \$94,903 and \$93,060 at December 31, 2022 and 2021, respectively. Substantially all of the restricted cash and equivalents balance at December 31, 2022 is held in trust to satisfy insurer and state regulatory requirements related to the wholly-owned captive insurance companies that bear professional and general liability and workers' compensation risks for the Company and the remaining restricted cash and cash equivalents held at December 31, 2022 represents cash pledged to third parties in connection with the Company's ancillary operations.

5. Short-term and long-term investments

The Company's short-term and long-term investments, consisting of debt instruments classified as held-to-maturity and equity investments with readily determinable fair values or redemption values, were as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| | Debt securities | Equity securities | Total | Debt securities | Equity securities | Total |
| Certificates of deposit and other time deposits | \$ 82,879 | \$ — | \$ 82,879 | \$ 23,226 | \$ — | \$ 23,226 |
| Investments in mutual funds and common stock | — | 39,143 | 39,143 | — | 48,598 | 48,598 |
| | <u>\$ 82,879</u> | <u>\$ 39,143</u> | <u>\$ 122,022</u> | <u>\$ 23,226</u> | <u>\$ 48,598</u> | <u>\$ 71,824</u> |
| Short-term investments | \$ 67,872 | \$ 9,821 | \$ 77,693 | \$ 8,227 | \$ 14,083 | \$ 22,310 |
| Long-term investments | 15,007 | 29,322 | 44,329 | 14,999 | 34,515 | 49,514 |
| | <u>\$ 82,879</u> | <u>\$ 39,143</u> | <u>\$ 122,022</u> | <u>\$ 23,226</u> | <u>\$ 48,598</u> | <u>\$ 71,824</u> |

Debt securities: The Company's short-term debt investments are principally bank certificates of deposit with contractual maturities longer than three months but shorter than one year. The Company's long-term debt investments are bank time

deposits with contractual maturities longer than one year. These debt securities are accounted for as held-to-maturity and recorded at amortized cost, which approximated their fair values at December 31, 2022 and 2021.

Equity securities: The Company holds certain equity investments that have readily determinable fair values from public markets. The Company's remaining short-term and long-term equity investments are held within a trust to fund existing obligations associated with the Company's non-qualified deferred compensation plans.

6. Other receivables

Other receivables were comprised of the following:

| | December 31, | |
|--|-------------------|-------------------|
| | 2022 | 2021 |
| Supplier rebates and non-trade receivables | \$ 303,225 | \$ 294,574 |
| Medicare bad debt claims | 110,751 | 132,747 |
| | <u>\$ 413,976</u> | <u>\$ 427,321</u> |

7. Property and equipment

Property and equipment were comprised of the following:

| | December 31, | |
|--|---------------------|---------------------|
| | 2022 | 2021 |
| Land | \$ 32,656 | \$ 34,009 |
| Buildings | 427,962 | 496,455 |
| Leasehold improvements | 3,925,244 | 3,828,404 |
| Equipment and information systems, including internally developed software | 3,759,274 | 3,292,176 |
| New center and capital asset projects in progress | 376,633 | 592,063 |
| | 8,521,769 | 8,243,107 |
| Less accumulated depreciation | (5,265,372) | (4,763,135) |
| | <u>\$ 3,256,397</u> | <u>\$ 3,479,972</u> |

Depreciation and amortization expenses are computed using the straight-line method over the useful lives of the assets estimated as follows: buildings, 25 years to 40 years; leasehold improvements, the shorter of ten years or the expected lease term; and equipment and information systems, including internally developed software, principally three years to 15 years. Depreciation expense on property and equipment was \$721,133, \$667,755 and \$616,626 for 2022, 2021 and 2020, respectively.

Interest on debt incurred during the development of new centers and other capital asset projects is capitalized as a component of the asset cost based on the respective in-process capital asset balances. Interest capitalized was \$12,677, \$15,275 and \$17,944 for 2022, 2021 and 2020, respectively.

8. Intangible assets

Intangible assets other than goodwill were comprised of the following:

| | December 31, | |
|----------------------------------|-------------------|-------------------|
| | 2022 | 2021 |
| Indefinite-lived licenses | \$ 127,271 | \$ 104,214 |
| Noncompetition agreements | 51,408 | 70,495 |
| Customer relationships and other | 53,779 | 63,714 |
| | 232,458 | 238,423 |
| Accumulated amortization: | | |
| Noncompetition agreements | (39,745) | (52,813) |
| Customer relationships and other | (10,027) | (7,917) |
| | <u>\$ 182,687</u> | <u>\$ 177,693</u> |

Noncompetition agreements are generally amortized over three years to 10 years and customer relationships are principally amortized over 10 years to 20 years. The weighted average renewal or extension period of customer relationships was two years and three years as of December 31, 2022 and 2021, respectively. Amortization expense from amortizable intangible assets was \$11,469, \$12,860, and \$13,809 for 2022, 2021 and 2020, respectively.

For the years ended December 31, 2022, 2021 and 2020, the Company recognized no impairment charges on any intangible assets.

Scheduled amortization expenses from amortizable intangible assets as of December 31, 2022 were as follows:

| | Noncompetition agreements | Customer relationships and other |
|--------------|------------------------------|----------------------------------|
| 2023 | \$ 4,742 | \$ 4,084 |
| 2024 | 2,849 | 3,956 |
| 2025 | 1,721 | 3,489 |
| 2026 | 1,092 | 3,489 |
| 2027 | 730 | 3,382 |
| Thereafter | 529 | 25,352 |
| Total | \$ 11,663 | \$ 43,752 |

9. Equity method and other investments

The Company maintains equity method and other minor investments in the private securities of certain other healthcare and healthcare-related businesses, comprised as follows:

| | December 31, | |
|--|-------------------|-------------------|
| | 2022 | 2021 |
| APAC joint venture | \$ 99,141 | \$ 109,153 |
| Other equity method partnerships | 116,403 | 115,185 |
| Adjusted cost method and other investments | 15,564 | 14,543 |
| | \$ 231,108 | \$ 238,881 |

During 2022, 2021 and 2020, the Company recognized equity investment income of \$26,520, \$26,937 and \$26,916, respectively, from its equity method investments in nonconsolidated dialysis partnerships. The Company also recognized equity investment losses from other equity method investments of \$4,703 and \$1,292 in other (loss) income during 2022 and 2021, respectively. There were no equity investment losses from other equity method investments in 2020.

The Company's largest equity method investment is its ownership interest in DaVita Care Pte. Ltd. (the APAC joint venture, or APAC JV). The Company holds a 75% voting and economic interest in the APAC JV and an unrelated noncontrolling investor holds the other 25% voting and economic interest in the joint venture, however the Company does not control or consolidate the APAC JV as a result of substantive participating rights retained by the unrelated investor over certain key operating decisions for the joint venture.

The Company's other equity method investments include 23 legal entities over which the Company has significant influence but in which it does not maintain a controlling financial interest. Almost all of these are U.S. dialysis partnerships in the form of limited liability companies. The Company's ownership interests in these partnerships vary, and are often subject to blocking rights on certain key operating decisions held by outside investors, but mostly range from 30% to 65%.

For the year ended December 31, 2022, the Company recognized impairments and other valuation adjustments on the Company's adjusted cost method and other investments of \$20,154 in other (loss) income, net. There were no significant investment impairments or other valuation adjustments for the years ended December 31, 2021 and 2020.

10. Goodwill

Changes in the carrying value of goodwill by reportable segment were as follows:

| | U.S. dialysis | Other - Ancillary services | Consolidated |
|--|---------------|----------------------------|--------------|
| Balance at December 31, 2020 | \$ 6,309,928 | \$ 609,181 | \$ 6,919,109 |
| Acquisitions | 91,979 | 81,265 | 173,244 |
| Divestitures | (1,745) | — | (1,745) |
| Foreign currency and other adjustments | — | (44,367) | (44,367) |
| Balance at December 31, 2021 | \$ 6,400,162 | \$ 646,079 | \$ 7,046,241 |
| Acquisitions | 16,750 | 32,297 | 49,047 |
| Divestitures | (87) | (3,263) | (3,350) |
| Foreign currency and other adjustments | — | (15,328) | (15,328) |
| Balance at December 31, 2022 | \$ 6,416,825 | \$ 659,785 | \$ 7,076,610 |
| Balance at December 31, 2022: | | | |
| Goodwill | \$ 6,416,825 | \$ 778,774 | \$ 7,195,599 |
| Accumulated impairment charges | — | (118,989) | (118,989) |
| | \$ 6,416,825 | \$ 659,785 | \$ 7,076,610 |

The Company's operations continue to be impacted by the effects of the coronavirus (COVID-19) pandemic. While the Company does not currently expect a material adverse impact to its business as a result of the ongoing COVID-19 pandemic, there can be no assurance that the magnitude of the cumulative impacts of the COVID-19 pandemic, including certain conditions and developments in the U.S. and global economies, labor market conditions, inflation and monetary policies that may have been intensified by the pandemic, will not have a material adverse impact on one or more of the Company's businesses.

Each of the Company's operating segments described in Note 25 to these consolidated financial statements represents an individual reporting unit for goodwill impairment assessment purposes.

Within the U.S. dialysis operating segment, the Company considers each of its dialysis centers to constitute an individual business for which discrete financial information is available. However, since these dialysis centers have similar operating and economic characteristics, and the allocation of resources and significant investment decisions concerning these businesses are highly centralized and the benefits broadly distributed, the Company has aggregated these centers and deemed them to constitute a single reporting unit.

The Company has applied a similar aggregation to the physician practices in its physician services reporting units, to the dialysis centers and other health operations within each international reporting unit, and to the vascular access service centers in its former vascular access services reporting unit. For the Company's other operating segments, discrete business components below the operating segment level constitute individual reporting units.

When performing quantitative goodwill impairment assessments, the Company estimates fair value using either appraisals developed with an independent third party valuation firm which consider both discounted cash flow estimates for the subject business and observed market multiples for similar businesses, or offer prices received for the subject business that would be acceptable to the Company.

Based on its most recent assessments, the Company determined that changes in its forecast concerning expected patient census, the timing or amount of expected reimbursement rate increases, expected treatment growth rates, or other significant adverse changes in expected future cash flows or other valuation assumptions could result in goodwill impairment charges in the future for the following reporting unit, which remains at risk of goodwill impairment as of December 31, 2022:

| Reporting unit | Goodwill balance | Carrying amount coverage ⁽¹⁾ | Sensitivities | |
|---------------------|------------------|---|---------------------------------|------------------------------|
| | | | Operating income ⁽²⁾ | Discount rate ⁽³⁾ |
| Germany kidney care | \$ 281,781 | 18.9 % | (2.0)% | (9.2)% |

- (1) Excess of estimated fair value of the reporting unit over its carrying amount as of the latest assessment date.
- (2) Potential impact on estimated fair value of a sustained, long-term reduction of 3% in operating income as of the latest assessment date.
- (3) Potential impact on estimated fair value of an increase in discount rates of 100 basis points as of the latest assessment date.

Except as described above, none of the Company's other reporting units were considered at risk of significant goodwill impairment as of December 31, 2022. Since the dates of the Company's last annual goodwill impairment assessments, there have been certain developments, events, changes in operating performance and other changes in key circumstances that have affected the Company's businesses. However, these have not caused management to believe it is more likely than not that the fair values of any of the Company's reporting units would be less than their respective carrying amounts as of December 31, 2022.

11. Other liabilities

Other liabilities were comprised of the following:

| | December 31, | |
|---------------------------------------|-------------------|-------------------|
| | 2022 | 2021 |
| Payor refunds and retractions | \$ 475,195 | \$ 410,038 |
| Insurance and self-insurance accruals | 68,440 | 55,548 |
| Accrued interest | 34,162 | 32,926 |
| Accrued non-income tax liabilities | 42,806 | 41,784 |
| Other | 181,866 | 169,049 |
| | <u>\$ 802,469</u> | <u>\$ 709,345</u> |

12. Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Income before income taxes from continuing operations consisted of the following:

| | Year ended December 31, | | |
|---------------|-------------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Domestic | \$ 926,604 | \$ 1,463,029 | \$ 1,287,976 |
| International | 39,674 | 55,465 | 30,286 |
| | <u>\$ 966,278</u> | <u>\$ 1,518,494</u> | <u>\$ 1,318,262</u> |

Income tax expense for continuing operations consisted of the following:

| | Year ended December 31, | | |
|---------------------------|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Current: | | | |
| Federal | \$ 201,932 | \$ 216,539 | \$ 47,171 |
| State | 55,593 | 15,601 | 21,442 |
| International | 16,253 | 14,247 | 17,481 |
| Total current income tax | 273,778 | 246,387 | 86,094 |
| Deferred: | | | |
| Federal | (66,400) | 59,528 | 198,623 |
| State | (12,289) | 5,342 | 27,206 |
| International | 2,998 | (4,525) | 2,009 |
| Total deferred income tax | (75,691) | 60,345 | 227,838 |
| | <u>\$ 198,087</u> | <u>\$ 306,732</u> | <u>\$ 313,932</u> |

Income taxes are allocated between continuing and discontinued operations as follows:

| | Year ended December 31, | | |
|-------------------------|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Continuing operations | \$ 198,087 | \$ 306,732 | \$ 313,932 |
| Discontinued operations | — | — | 1,657 |
| | <u>\$ 198,087</u> | <u>\$ 306,732</u> | <u>\$ 315,589</u> |

The reconciliation between the Company's effective tax rate from continuing operations and the U.S. federal income tax rate is as follows:

| | Year ended December 31, | | |
|--|-------------------------|---------------|---------------|
| | 2022 | 2021 | 2020 |
| Federal income tax rate | 21.0 % | 21.0 % | 21.0 % |
| State income taxes, net of federal benefit | 3.8 | 3.0 | 3.4 |
| Equity compensation | (1.6) | (2.4) | — |
| Federal and international tax rate adjustments | — | 1.3 | — |
| Nondeductible executive compensation | 1.1 | 0.8 | 1.2 |
| Political advocacy costs | 2.2 | 0.2 | 1.7 |
| Unrecognized tax benefits | (1.1) | (0.1) | 0.4 |
| Change in international valuation allowance | 1.2 | (1.0) | 1.5 |
| Credits | (1.2) | (0.7) | (0.7) |
| Other | 1.1 | 1.7 | 0.1 |
| Impact of noncontrolling interests primarily attributable to non-tax paying entities | (6.0) | (3.6) | (4.8) |
| Effective tax rate | <u>20.5 %</u> | <u>20.2 %</u> | <u>23.8 %</u> |

Deferred tax assets and liabilities arising from temporary differences for continuing operations were as follows:

| | December 31, | |
|--|--------------|--------------|
| | 2022 | 2021 |
| Receivables | \$ 18,304 | \$ 8,430 |
| Accrued liabilities | 71,346 | 67,993 |
| Operating lease liabilities | 563,972 | 581,199 |
| Net operating loss carryforwards | 173,531 | 162,987 |
| Other | 58,827 | 52,434 |
| Deferred tax assets | 885,980 | 873,043 |
| Valuation allowance | (106,775) | (100,616) |
| Net deferred tax assets | 779,205 | 772,427 |
| Intangible assets | (690,914) | (644,039) |
| Property and equipment | (181,704) | (283,913) |
| Operating lease assets | (515,026) | (530,839) |
| Investments in partnerships | (80,876) | (84,407) |
| Other | (65,766) | (37,274) |
| Deferred tax liabilities | (1,534,286) | (1,580,472) |
| Net deferred tax liabilities | \$ (755,081) | \$ (808,045) |
| Reported as: | | |
| Deferred tax liabilities | \$ (782,787) | \$ (830,954) |
| Deferred tax assets (included in Other long-term assets) | 27,706 | 22,909 |
| | \$ (755,081) | \$ (808,045) |

At December 31, 2022, the Company had federal net operating loss carryforwards of approximately \$71,049 that expire through 2036, although a substantial amount expire by 2029. The Company also had state net operating loss carryforwards of \$618,883, some of which have an indefinite life, although a substantial amount expire by 2042 and international net operating loss carryforwards of \$357,266, some of which will begin to expire in 2023 though the majority have an indefinite life. The Company has a state capital loss carryover of \$306,949, the majority of which expires in 2024. The utilization of a portion of these losses may be limited in future years based on the profitability of certain entities. A valuation allowance is recorded to account for the unrealizable balances in the table above. The net increase of \$6,159 in the valuation allowance is primarily due to newly created net operating loss carryforwards in state and foreign jurisdictions that the Company does not anticipate being able to utilize.

During the year ended December 31, 2021, the Company recorded a true-up to recognize net deferred tax assets related to historical purchases of noncontrolling interests in consolidated partnerships. The effect of this adjustment was an increase of \$46,692 to net deferred tax assets, a charge of \$16,044 to income tax expense, and an increase of \$62,736 to additional paid-in capital. The Company's prior purchases of this type have not generated significant pre-tax adjustments to additional paid-in capital in any single prior year. The majority of the \$16,044 recorded to income tax expense was due to the decrease in the corporate tax rate in 2017.

The Company remains indefinitely reinvested in a majority of the foreign jurisdictions in which it operates as of December 31, 2022. As a result of the passage of the Tax Cuts and Jobs Act (2017 Tax Act), the Company does not expect any significant taxes to be incurred if such earnings were remitted.

Unrecognized tax benefits

A reconciliation of the beginning and ending liability for unrecognized tax benefits that do not meet the more-likely-than-not threshold is as follows:

| | Year ended December 31, | |
|---|-------------------------|------------------|
| | 2022 | 2021 |
| Beginning balance | \$ 73,024 | \$ 70,202 |
| Additions for tax positions related to current year | 3,858 | 3,335 |
| Additions for tax positions related to prior years | 24,683 | 22,616 |
| Reductions related to lapse of applicable statute | (6,073) | (751) |
| Reductions related to settlements with taxing authorities | (31,507) | (22,378) |
| Ending balance | <u>\$ 63,985</u> | <u>\$ 73,024</u> |

As of December 31, 2022, the Company's total liability for unrecognized tax benefits relating to tax positions that do not meet the more-likely-than-not threshold is \$63,985, of which \$45,825 would impact the Company's effective tax rate if recognized.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company recognized an expense of \$10,459 and a benefit of \$2,589 related to interest and penalties net of federal tax benefit within tax expense in 2022 and 2021, respectively. At December 31, 2022 and 2021, the Company had approximately \$8,208 and \$15,275, respectively, accrued for interest and penalties related to unrecognized tax benefits, net of federal tax benefit.

The Company and its subsidiaries are under examination in various state, local and foreign tax jurisdictions. The Company's federal tax returns are under examination by the Internal Revenue Service (IRS) for the years 2016 and 2017. In 2022, the Company was able to reach a settlement with the IRS for tax years 2014 and 2015. Subsequent to the settlement, the Company filed a 2014 refund claim with respect to a contested issue that was included in the IRS examination. The refund claim is currently subject to IRS review. The Company is also open to U.S. federal examination for 2019 onward, and is no longer subject to U.S. state examinations by tax authorities for years before 2014.

13. Long-term debt

Long-term debt was comprised of the following:

| | December 31, | | Maturity date | As of December 31, 2022 | |
|--|---------------------|---------------------|---------------|-------------------------|-------------------------------------|
| | 2022 | 2021 | | Interest rate | Estimated fair value ⁽¹⁾ |
| Senior Secured Credit Facilities: | | | | | |
| Term Loan A | \$ 1,498,438 | \$ 1,596,875 | 8/12/2024 | LIBOR + 1.75% | \$ 1,468,469 |
| Term Loan B-1 | 2,660,831 | 2,688,263 | 8/12/2026 | LIBOR + 1.75% | \$ 2,587,658 |
| Revolving line of credit | 165,000 | — | 8/12/2024 | LIBOR + 1.75% | \$ 165,000 |
| Senior Notes: | | | | | |
| 4.625% Senior Notes | 2,750,000 | 2,750,000 | 6/1/2030 | 4.625 % | \$ 2,224,063 |
| 3.75% Senior Notes | 1,500,000 | 1,500,000 | 2/15/2031 | 3.75 % | \$ 1,115,625 |
| Acquisition obligations and other notes payable ⁽²⁾ | 120,562 | 130,599 | 2023-2036 | 6.56 % | \$ 120,562 |
| Financing lease obligations ⁽³⁾ | 273,688 | 299,128 | 2023-2038 | 4.51 % | |
| Total debt principal outstanding | 8,968,519 | 8,964,865 | | | |
| Discount and deferred financing costs ⁽⁴⁾ | (44,498) | (56,685) | | | |
| | 8,924,021 | 8,908,180 | | | |
| Less current portion | (231,404) | (179,030) | | | |
| | <u>\$ 8,692,617</u> | <u>\$ 8,729,150</u> | | | |

(1) For the Company's senior secured credit facilities and senior notes, fair value estimates are based upon bid and ask quotes, typically a level 2 input. For acquisition obligations and other notes payable, the carrying values presented here approximate their estimated fair values, based on estimates of their present values using level 2 interest rate inputs.

- (2) The interest rate presented for acquisition obligations and other notes payable is their weighted average interest rate based on the current fixed and LIBOR interest rate components in effect as of December 31, 2022.
- (3) Financing lease obligations are measured at their approximate present values at inception. The interest rate presented is the weighted average discount rate embedded in financing leases outstanding.
- (4) As of December 31, 2022, the carrying amount of the Company's senior secured credit facilities have been reduced by a discount of \$3,497 and deferred financing costs of \$18,816 and the carrying amount of the Company's senior notes have been reduced by deferred financing costs of \$36,203 and increased by a debt premium of \$14,018. As of December 31, 2021, the carrying amount of the Company's senior secured credit facilities was reduced by a discount of \$4,473 and deferred financing costs of \$27,207, and the carrying amount of the Company's senior notes was reduced by deferred financing costs of \$40,914 and increased by a debt premium of \$15,909.

Scheduled maturities of long-term debt at December 31, 2022 were as follows:

| | | |
|------------|----|-----------|
| 2023 | \$ | 231,404 |
| 2024 | \$ | 1,587,867 |
| 2025 | \$ | 67,112 |
| 2026 | \$ | 2,627,310 |
| 2027 | \$ | 35,176 |
| Thereafter | \$ | 4,419,650 |

During the year ended December 31, 2022, the Company made regularly scheduled mandatory principal payments under its senior secured credit facilities totaling \$98,437 on Term Loan A and \$27,432 on Term Loan B-1.

Senior Secured Credit Facilities

Borrowings under the Company's senior secured credit facilities are guaranteed and secured by substantially all of DaVita Inc.'s and certain of the Company's domestic subsidiaries' assets and are senior to all unsecured indebtedness. Borrowings under this facility's Term Loan A, Term Loan B-1 and revolving line of credit rank equal in priority for that security and related subsidiary guarantees under the facility's terms. Borrowings under this credit facility are based on the London Interbank Offered Rate (LIBOR), unless another base rate is elected. This facility also provides a mechanism for transition to an alternative variable base rate upon cessation of LIBOR.

Outstanding borrowings under Term Loan A and Term Loan B-1 consist of tranches that can range in maturity from one month to 12 months. As of December 31, 2022, all outstanding term loan tranches are one month in duration. For Term Loan A and Term Loan B-1, each tranche bears interest at a LIBOR rate determined by the duration of such tranche plus an interest rate margin. The LIBOR variable component of the interest rate for each tranche is reset as the tranche matures and a new tranche is established.

At December 31, 2022, the overall weighted average interest rate for Term Loan A and Term Loan B-1 was determined based upon the LIBOR interest rates in effect for all of their individual tranches plus the respective interest rate margins presented in the table above.

As of December 31, 2022, the Company had \$165,000 outstanding on the \$1,000,000 revolving line of credit under its senior secured credit facilities. Each of these borrowings were priced on one-month LIBOR variable base rates as well. Credit available under this revolving line of credit is reduced by the amount of any letters of credit outstanding thereunder, of which there were none as of December 31, 2022. The Company also had letters of credit of approximately \$108,826 outstanding under a separate bilateral secured letter of credit facility as of December 31, 2022.

As of December 31, 2022, the Company's 2019 interest rate cap agreements described below had the economic effect of capping the Company's maximum exposure to LIBOR variable interest rate changes on equivalent amounts of the Company's floating rate debt, including all of Term Loan B-1 and a portion of Term Loan A. The remaining \$659,269 outstanding principal balance of Term Loan A and the \$165,000 balance outstanding on the revolving line of credit are subject to LIBOR-based interest rate volatility.

Senior Notes

The Senior Notes are unsecured obligations, rank equally in right of payment with the Company's existing and future unsecured senior indebtedness and require semi-annual interest payments. The Company may redeem some or all of the Senior Notes at any time on or after certain specific dates and at certain specific redemption prices as outlined in each senior note agreement. Interest rates on the Senior Notes are fixed by their terms.

Interest rate cap agreements

The Company's interest rate cap agreements are designated as cash flow hedges and, as a result, changes in their fair values are reported in other comprehensive income. These cap agreements have variable legs priced at LIBOR to match the variable rates incurred on the senior secured credit facility borrowings that they hedge. Like the senior secured credit facilities, these interest rate cap agreements include a mechanism for transition to an alternative variable base rate upon cessation of LIBOR. The original premiums paid for the caps are amortized to debt expense on a straight-line basis over the term of each cap agreement starting from its effective date. These cap agreements do not contain credit-risk contingent features.

The following table summarizes the Company's interest rate cap agreements outstanding as of December 31, 2022 and December 31, 2021, which are classified in other long-term assets on its consolidated balance sheet:

| | Notional amount | LIBOR maximum rate | Effective date | Expiration date | Year ended | | December 31, | |
|-----------------------------------|-----------------|--------------------|----------------|-----------------|-------------------|-------------------|--------------|-----------|
| | | | | | December 31, 2022 | Recorded OCI gain | 2022 | 2021 |
| | | | | | Debt expense | | Fair value | |
| 2019 interest rate cap agreements | \$ 3,500,000 | 2.00% | 6/30/2020 | 6/30/2024 | \$ (11,732) | \$ 144,793 | \$ 139,755 | \$ 12,203 |

The following table summarizes the effects of the Company's interest rate cap agreements for the years ended December 31, 2022, 2021 and 2020:

| Derivatives designated as cash flow hedges | Amount of unrealized gains (losses) in OCI on interest rate cap agreements | | | Location of losses | Reclassification from accumulated other comprehensive income into net income | | |
|--|--|-----------------|--------------------|--------------------|--|-----------------|-----------------|
| | Year ended December 31, | | | | Year ended December 31, | | |
| | 2022 | 2021 | 2020 | | 2022 | 2021 | 2020 |
| Interest rate cap agreements | \$ 144,793 | \$ 9,532 | \$ (21,781) | Debt expense | \$ (11,732) | \$ 5,509 | \$ 7,081 |
| Related income tax | (36,124) | (2,377) | 5,435 | Related income tax | 2,926 | (1,376) | (1,768) |
| Total | \$ 108,669 | \$ 7,155 | \$ (16,346) | | \$ (8,806) | \$ 4,133 | \$ 5,313 |

See Note 20 for further details on amounts recorded and reclassified from accumulated other comprehensive (loss) income.

The Company's weighted average effective interest rate on its senior secured credit facilities at the end of 2022 was 4.59%, based upon the current margins in effect for its senior secured credit facilities as of December 31, 2022.

The Company's weighted average effective interest rate on all debt, including the effect of interest rate caps and amortization of debt discount, was 3.96% for the year ended December 31, 2022 and 4.52% as of December 31, 2022.

As of December 31, 2022, the Company's interest rates were fixed on approximately 51.3% of its total debt.

Debt expense

Debt expense consisted of interest expense of \$339,247, \$267,049 and \$282,932 and the amortization and accretion of debt discounts and premiums, amortization of deferred financing costs and the amortization of interest rate cap agreements of \$17,772, \$18,205 and \$21,179 for 2022, 2021 and 2020, respectively. These interest expense amounts are net of capitalized interest.

14. Leases

The Company leases substantially all of its U.S. dialysis facilities. The majority of the Company's facilities are leased under non-cancellable operating leases which range in terms from five years to 15 years and which contain renewal options of five years to ten years at the fair rental value at the time of renewal. The Company's leases are generally subject to fixed escalation clauses or contain consumer price index increases. See Note 1 for further information on how the Company accounts for leases.

As of December 31, 2022 and December 31, 2021, assets recorded under finance leases were \$319,546 and \$322,060, respectively, and accumulated amortization associated with finance leases was \$101,361 and \$75,252, respectively, included in property and equipment, net, on the Company's consolidated balance sheet.

In certain markets, the Company acquires and develops dialysis centers. Upon completion, the Company sells the center to a third party and leases the space back with the intent of operating the center on a long term basis. Both the sale and

leaseback terms are generally market terms. The lease terms are consistent with the Company's other operating leases with the majority of the leases under non-cancellable operating leases ranging in terms from five years to 15 years and which contain renewal options of five years to ten years at the fair rental value at the time of renewal.

The components of lease expense were as follows:

| Lease cost | Year ended December 31, | | |
|---------------------------------------|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| Operating lease cost ⁽¹⁾ : | | | |
| Fixed lease expense | \$ 552,194 | \$ 547,923 | \$ 541,090 |
| Variable lease expense | 127,621 | 125,981 | 122,729 |
| Financing lease cost: | | | |
| Amortization of leased assets | 27,079 | 26,846 | 24,720 |
| Interest on lease liabilities | 12,776 | 13,988 | 14,421 |
| Net lease cost | \$ 719,670 | \$ 714,738 | \$ 702,960 |

(1) Includes short-term lease expense and sublease income, which are immaterial.

Other information related to leases was as follows:

| Lease term and discount rate | Year ended December 31, | | |
|--|-------------------------|-------|-------|
| | 2022 | 2021 | 2020 |
| Weighted average remaining lease term (years): | | | |
| Operating leases | 8.2 | 8.3 | 8.7 |
| Finance leases | 9.4 | 10.5 | 10.5 |
| Weighted average discount rate: | | | |
| Operating leases | 3.6 % | 3.5 % | 3.8 % |
| Finance leases | 4.5 % | 4.5 % | 5.1 % |

| Other information | Year ended December 31, | | |
|---|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| Gains on sale leasebacks, net | \$ 28,005 | \$ 17,137 | \$ 34,301 |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash flows for operating leases | \$ 696,291 | \$ 684,186 | \$ 661,318 |
| Operating cash flows for finance leases | \$ 20,103 | \$ 21,343 | \$ 20,981 |
| Financing cash flows for finance leases | \$ 24,329 | \$ 22,445 | \$ 24,780 |
| Net operating lease assets obtained in exchange for new or modified operating lease liabilities | \$ 278,108 | \$ 361,101 | \$ 401,559 |

Future minimum lease payments under non-cancellable leases as of December 31, 2022 are as follows:

| | Operating leases | Finance leases |
|-------------------------------------|------------------|----------------|
| 2023 | \$ 492,566 | \$ 37,442 |
| 2024 | 500,422 | 37,951 |
| 2025 | 452,080 | 38,125 |
| 2026 | 400,879 | 36,908 |
| 2027 | 333,580 | 35,569 |
| Thereafter | 1,175,340 | 145,987 |
| Total future minimum lease payments | 3,354,867 | 331,982 |
| Less portion representing interest | (456,398) | (58,294) |
| Present value of lease liabilities | \$ 2,898,469 | \$ 273,688 |

Rent expense under all operating leases for 2022, 2021 and 2020 was \$679,815, \$673,904 and \$663,819, respectively. Rent expense is recorded on a straight-line basis over the term of the lease, including leases that contain fixed escalation clauses

or include abatement provisions. Leasehold improvement incentives reduce the carrying value of right-of-use assets and are amortized to rent expense over the term of the lease. Finance lease obligations are included in long-term debt. See Note 13 for further details on long-term debt.

15. Employee benefit plans

The Company has a 401(k) retirement savings plan for substantially all of its U.S. employees which has been established pursuant to applicable provisions of the Internal Revenue Code (IRC). The plan allows for employees to contribute a percentage of their base annual salaries on a tax-deferred basis not to exceed IRC limitations. The Company maintains a 401(k) matching program under which the Company matches 50% of the employee's contribution up to 6% of the employee's salary, subject to certain limitations. The matching contributions are subject to certain eligibility and vesting conditions. For the years ended December 31, 2022, 2021 and 2020, the Company accrued matching contributions totaling approximately \$70,084, \$68,658 and \$70,180, respectively.

The Company also maintains a voluntary compensation deferral plan, the Deferred Compensation Plan, as well as other legacy deferral plans. The Deferred Compensation Plan is non-qualified and permits certain employees whose annualized base salary equals or exceeds a minimum annual threshold amount as set by the Company to elect to defer all or a portion of their annual bonus payment and up to 50% of their base salary into a deferral account maintained by the Company. Total contributions to this plan in 2022, 2021 and 2020 were \$3,573, \$2,962 and \$3,637, respectively. Deferred amounts are generally paid out in cash at the participant's election either in the first or second year following retirement or in a specified future period at least three to four years after the deferral election was effective. During 2022, 2021 and 2020 the Company distributed \$3,731, \$11,887 and \$3,139, respectively, to participants from its deferred compensation plans. Participants are credited with their proportional amount of annual earnings from the plans. The assets of these plans are held in rabbi trusts subject to the claims of the Company's general creditors in the event of its bankruptcy. As of December 31, 2022 and 2021, the total fair value of assets held in these plans' trusts was \$32,944 and \$38,019, respectively. The assets of these plans are recorded at fair value with changes in fair value recorded in other income. See Note 5 for further details. Any fair value changes to the corresponding liability balance are recorded as compensation expense.

16. Contingencies

The majority of the Company's revenues are from government programs and may be subject to adjustment as a result of: (i) examination by government agencies or contractors, for which the resolution of any matters raised may take extended periods of time to finalize; (ii) differing interpretations of government regulations by different Medicare contractors or regulatory authorities; (iii) differing opinions regarding a patient's medical diagnosis or the medical necessity of services provided; and (iv) retroactive applications or interpretations of governmental requirements. In addition, the Company's revenues from commercial payors may be subject to adjustment as a result of potential claims for refunds, as a result of government actions or as a result of other claims by commercial payors.

The Company operates in a highly regulated industry and is a party to various lawsuits, demands, claims, *qui tam* suits, governmental investigations (which frequently arise from *qui tam* suits) and audits (including, without limitation, investigations or other actions resulting from its obligation to self-report suspected violations of law) and other legal proceedings, including, without limitation, those described below. The Company records accruals for certain legal proceedings and regulatory matters to the extent that the Company determines an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. As of December 31, 2022 and December 31, 2021, the Company's total recorded accruals with respect to legal proceedings and regulatory matters, net of anticipated third party recoveries, were immaterial. While these accruals reflect the Company's best estimate of the probable loss for those matters as of the dates of those accruals, the recorded amounts may differ materially from the actual amount of the losses for those matters, and any anticipated third party recoveries for any such losses may not ultimately be recoverable. Additionally, in some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal proceedings and regulatory matters, which also may be impacted by various factors, including, without limitation, that they may involve indeterminate claims for monetary damages or may involve fines, penalties or non-monetary remedies; present novel legal theories or legal uncertainties; involve disputed facts; represent a shift in regulatory policy; are in the early stages of the proceedings; or may result in a change of business practices. Further, there may be various levels of judicial review available to the Company in connection with any such proceeding.

The following is a description of certain lawsuits, claims, governmental investigations and audits and other legal proceedings to which the Company is subject.

Certain Governmental Inquiries and Related Proceedings

2016 U.S. Attorney Texas Investigation: In February 2016, DaVita Rx, LLC (DaVita Rx), a wholly-owned subsidiary of the Company, received a Civil Investigative Demand (CID) from the U.S. Attorney's Office, Northern District of Texas. The government is conducting a federal False Claims Act (FCA) investigation concerning allegations that DaVita Rx presented or caused to be presented false claims for payment to the government for prescription medications, as well as an investigation into the Company's relationships with pharmaceutical manufacturers. The government's investigation covers the period from January 1, 2006 through December 31, 2018. In December 2017, the Company finalized and executed a settlement agreement that resolved certain of the issues in the government's investigation and that included total monetary consideration of \$63,700, as previously disclosed, of which \$41,500 was an incremental cash payment and \$22,200 was for amounts previously refunded, and all of which was previously accrued. The government's investigation is ongoing with respect to issues related to DaVita Rx's historic relationships with certain pharmaceutical manufacturers, and in July 2018 the Office of Inspector General (OIG) served the Company with a subpoena seeking additional documents and information relating to those relationships. On September 15, 2021, the U.S. Attorney's Office notified the U.S. District Court, Northern District of Texas, of its decision and the decision of 31 states not to elect to intervene at this time in the matter of *U.S. ex rel. Doe v. DaVita Inc., et al.* The court then unsealed the complaint, which alleges violations of the FCA, by order dated September 17, 2021. The complaint was not served on the Company. In December 2021, the private party relator filed a notice of voluntary dismissal of all claims and the court entered an order dismissing the claims without prejudice. The Company is continuing to cooperate with the government in this investigation.

2017 U.S. Attorney Colorado Investigation: In November 2017, the U.S. Attorney's Office, District of Colorado informed the Company of an investigation it was conducting into possible federal healthcare offenses involving DaVita Kidney Care, as well as several of the Company's wholly-owned subsidiaries. In addition to DaVita Kidney Care, the matter currently includes an investigation into DaVita Rx, DaVita Laboratory Services, Inc. (DaVita Labs), and RMS Lifeline Inc. (Lifeline). In each of August 2018, May 2019, and July 2021, the Company received a CID pursuant to the FCA from the U.S. Attorney's Office relating to this investigation. In May 2020, the Company sold its interest in Lifeline, but the Company retained certain liabilities of the Lifeline business, including those related to this investigation. The Company is continuing to cooperate with the government in this investigation.

2020 U.S. Attorney New Jersey Investigation: In March 2020, the U.S. Attorney's Office, District of New Jersey served the Company with a subpoena and a CID relating to an investigation being conducted by that office and the U.S. Attorney's Office, Eastern District of Pennsylvania. The subpoena and CID request information on several topics, including certain of the Company's joint venture arrangements with physicians and physician groups, medical director agreements, and compliance with its five-year Corporate Integrity Agreement, the term of which expired October 22, 2019. In November 2022, the Company learned that, on April 1, 2022, the U.S. Attorney's Office for the District of New Jersey notified the U.S. District Court for the District of New Jersey of its decision not to elect to intervene in the matter of *U.S. ex rel. Doe v. DaVita, Inc.* and filed a Stipulation of Dismissal. On April 13, 2022, the U.S. District Court for the District of New Jersey dismissed the case without prejudice. On October 12, 2022, the U.S. Attorney's Office for the Eastern District of Pennsylvania notified the U.S. District Court, Eastern District of Pennsylvania, of its decision not to elect to intervene at this time in the matter of *U.S. ex rel. Bayne v. DaVita Inc., et al.* The court then unsealed an amended complaint, which alleges violations of federal and state False Claims Acts, by order dated October 14, 2022. In January 2023, the private party relator served the Company with the amended complaint. The Company is continuing to cooperate with the government in this investigation.

2020 California Department of Insurance Investigation: In April 2020, the California Department of Insurance (CDI) sent the Company an Investigative Subpoena relating to an investigation being conducted by that office. CDI issued a superseding subpoena in September 2020, and an additional subpoena in September 2021. Those subpoenas request information on a number of topics, including but not limited to the Company's communications with patients about insurance plans and financial assistance from the American Kidney Fund (AKF), analyses of the potential impact of patients' decisions to change insurance providers, and documents relating to donations or contributions to the AKF. The Company is continuing to cooperate with CDI in this investigation.

2020 Department of Justice Investigation: In October 2020, the Company received a CID from the Department of Justice pursuant to an FCA investigation concerning allegations that DaVita Medical Group (DMG) may have submitted undocumented or unsupported diagnosis codes in connection with Medicare Advantage beneficiaries. The CID covers the period from January 1, 2015 through June 19, 2019, the date the Company completed the divestiture of DMG to Collaborative Care Holdings, LLC. In February 2023, the Department of Justice notified the Company that it had closed its investigation.

2023 District of Columbia Office of Attorney General Investigation: In January 2023, the Company received a CID from the Office of the Attorney General for the District of Columbia in connection with an antitrust investigation concerning the

American Kidney Fund (AKF). The CID covers the period from January 1, 2016 to the present. The CID requests information on a number of topics, including but not limited to the Company's communications with AKF, documents relating to donations to the AKF, and communications with patients, providers, and insurers regarding the AKF. The Company is cooperating with the government in this investigation.

* * *

Although the Company cannot predict whether or when proceedings might be initiated or when these matters may be resolved (other than as may be described above), it is not unusual for inquiries such as these to continue for a considerable period of time through the various phases of document and witness requests and ongoing discussions with regulators and to develop over the course of time. In addition to the inquiries and proceedings specifically identified above, the Company frequently is subject to other inquiries by state or federal government agencies, many of which relate to *qui tam* complaints filed by relators. Negative findings or terms and conditions that the Company might agree to accept as part of a negotiated resolution of pending or future government inquiries or relator proceedings could result in, among other things, substantial financial penalties or awards against the Company, substantial payments made by the Company, harm to the Company's reputation, required changes to the Company's business practices, an impact on the Company's various relationships and/or contracts related to the Company's business, exclusion from future participation in the Medicare, Medicaid and other federal health care programs and, if criminal proceedings were initiated against the Company, members of its board of directors or management, possible criminal penalties, any of which could have a material adverse effect on the Company.

Other Proceedings

2021 Antitrust Indictment and Putative Class Action Suit: On July 14, 2021, an indictment was returned by a grand jury in the U.S. District Court, District of Colorado against the Company and its former chief executive officer in the matter of *U.S. v. DaVita Inc., et al.* alleging that purported agreements entered into by DaVita's former chief executive officer not to solicit senior-level employees violated Section 1 of the Sherman Act. On April 15, 2022, a jury returned a verdict in the Company's favor, acquitting both the Company and its former chief executive officer on all counts. On April 20, 2022, the court entered judgments of acquittal and closed the case. On August 9, 2021, DaVita and its former chief executive officer were added as defendants in a consolidated putative class action complaint in the matter of *In re Outpatient Medical Center Employee Antitrust Litigation* in the U.S. District Court, Northern District of Illinois. This class action complaint asserts that the defendants violated Section 1 of the Sherman Act and seeks to bring an action on behalf of certain groups of individuals employed by the Company between February 1, 2012 and January 5, 2021. On September 26, 2022, the court denied the Company's motion to dismiss. The Company disputes the allegations in the class action complaint, as well as the asserted violations of the Sherman Act, and intends to defend this action accordingly.

Marietta Memorial Hospital Employee Health Benefit Plan, et al. v. DaVita Inc. et al. No. 20-164T: On November 5, 2021, the United States Supreme Court granted certiorari of an appeal by an employer group health plan, the plan sponsor, and the plan's advisor of the U.S. Court of Appeals for the Sixth Circuit (Sixth Circuit) decision in the Company's favor. The questions presented involved whether the health plan violates the Medicare Secondary Payor Act (MSPA) by "taking into account" that plan beneficiaries are eligible for Medicare and/or by "differentiating" between the benefits that the plan offers to patients with dialysis versus others. On December 23, 2021, the Solicitor General on behalf of the United States filed an amicus brief supporting the petitioners' request to overturn the Sixth Circuit decision. On January 19, 2022, the Company filed its brief in support of the Sixth Circuit decision. On June 21, 2022, the United States Supreme Court reversed the Sixth Circuit decision and held that the employee health plan for Marietta Memorial Hospital did not violate the MSPA. The case has been remanded back to the lower court for resolution of the outstanding claims.

Additionally, from time to time the Company is subject to other lawsuits, demands, claims, governmental investigations and audits and legal proceedings that arise due to the nature of its business, including, without limitation, contractual disputes, such as with payors, suppliers and others, employee-related matters and professional and general liability claims. From time to time, the Company also initiates litigation or other legal proceedings as a plaintiff arising out of contracts or other matters.

* * *

Other than as may be described above, the Company cannot predict the ultimate outcomes of the various legal proceedings and regulatory matters to which the Company is or may be subject from time to time, including those described in this Note 16, or the timing of their resolution or the ultimate losses or impact of developments in those matters, which could have a material adverse effect on the Company's revenues, earnings and cash flows. Further, any legal proceedings or regulatory matters involving the Company, whether meritorious or not, are time consuming, and often require management's attention and result in significant legal expense, and may result in the diversion of significant operational resources, may impact

the Company's various relationships and/or contracts related to the Company's business or otherwise harm the Company's business, results of operations, financial condition, cash flows or reputation.

17. Noncontrolling interests subject to put provisions and other commitments

Noncontrolling interests subject to put provisions

The Company has potential obligations to purchase the equity interests held by third parties in many of its majority-owned dialysis partnerships and other nonconsolidated entities. These noncontrolling interests subject to put provisions constitute redeemable equity interests and are therefore classified as temporary equity and carried at estimated fair value on the Company's balance sheet.

Specifically, these obligations are in the form of put provisions that are exercisable at the third-party owners' discretion within specified periods outlined in each specific put provision. If these put provisions were exercised, the Company would be required to purchase the third-party owners' equity interests, generally at the appraised fair market value of the equity interests or in certain cases at a predetermined multiple of earnings or cash flows attributable to the equity interests put to the Company, intended to approximate fair value. The methodology the Company uses to estimate the fair values of noncontrolling interests subject to put provisions assumes the higher of either a liquidation value of net assets or an average multiple of earnings, based on historical earnings, patient mix and other performance indicators that can affect future results, as well as other factors. The estimated fair values of noncontrolling interests subject to put provisions are a critical accounting estimate that involves significant judgments and assumptions and may not be indicative of the actual values at which the noncontrolling interests may ultimately be settled, which could vary significantly from the Company's current estimates. The estimated fair values of noncontrolling interests subject to put provisions can fluctuate and the implicit multiple of earnings at which these noncontrolling interests obligations may be settled will vary significantly depending upon market conditions including potential purchasers' access to the capital markets, which can impact the level of competition for dialysis and non-dialysis related businesses, the economic performance of these businesses and the restricted marketability of the third-party owners' equity interests. The amount of noncontrolling interests subject to put provisions that employ a contractually predetermined multiple of earnings rather than fair value is immaterial.

Certain consolidated dialysis partnerships are originally contractually scheduled to dissolve after terms ranging from ten years to 50 years. While noncontrolling interests in these limited life entities qualify as mandatorily redeemable financial instruments, they are subject to a classification and measurement scope exception from the accounting guidance generally applicable to other mandatorily redeemable financial instruments. Future distributions upon dissolution of these entities would be valued below the related noncontrolling interest carrying balances in the consolidated balance sheet.

Other commitments

The Company has agreements with various suppliers to purchase established amounts of dialysis equipment, parts, pharmaceuticals and supplies. As of December 31, 2022, the remaining minimum purchase commitments under these arrangements were approximately \$712,802, \$469,760, \$362,431 and \$379,832 for the years 2023, 2024, 2025 and 2026, respectively. If the Company fails to meet the minimum purchase commitments under these contracts during any year, it is required to pay the difference to the supplier.

The Company also has certain potential commitments to provide working capital funding, if necessary, to certain nonconsolidated dialysis businesses that the Company manages and in which the Company owns a noncontrolling equity interest or which are wholly-owned by third parties of approximately \$9,038.

Other than the letters of credit disclosed in Note 13 to these consolidated financial statements, and the arrangements as described above, the Company has no off balance sheet financing arrangements as of December 31, 2022.

18. Stock-based compensation

Stock-based compensation

Stock-based compensation consists primarily of stock-settled stock appreciation rights, restricted stock units and performance stock units. Stock-based compensation, which is primarily general and administrative in nature, is attributed to the Company's U.S. dialysis business, its corporate administrative support, and its ancillary services. See Note 1 "*Organization and summary of significant accounting policies*" for more information on how the Company measures and recognizes stock-based compensation expense.

Long-term incentive compensation plans

The DaVita Inc. 2020 Incentive Award Plan (the 2020 Plan) is the Company's current omnibus equity compensation plan and provides for grants of stock-based awards to employees, directors and other individuals providing services to the Company, except that incentive stock options may only be awarded to employees. The 2020 Plan provides for the grant of stock appreciation rights, nonqualified stock options, incentive stock options, restricted stock units, restricted stock, performance stock awards, dividend equivalents, stock payments, deferred stock unit awards, deferred stock awards and performance cash awards. The 2020 Plan mandates a maximum award term of 10 years for stock appreciation rights and stock options and stipulates that awards of these types be granted with a base or exercise price per share of not less than the fair market value of the Company's common stock on the date of grant. Shares available under the 2020 Plan are also stated on a full value share basis rather than on an option-equivalent basis. The 2020 Plan therefore provides that shares available for issuance under the plan are reduced by one share available for every four shares underlying stock appreciation rights and stock options, and are reduced by one share available for every one share underlying stock-based awards other than stock appreciation rights and stock options. At December 31, 2022, there were 6,815 shares available for future grants under the 2020 Plan. The Company's stock awards granted under the 2020 Plan generally vest over 36 months to 48 months from the date of grant.

The DaVita Healthcare Partners Inc. 2011 Incentive Award Plan (the 2011 Plan) was the Company's prior omnibus equity compensation plan and authorized the Company to award stock options, stock appreciation rights, restricted stock units, restricted stock, and other stock-based or performance-based awards. The 2011 Plan mandated a maximum award term of five years and stipulated that stock appreciation rights and stock options be granted with prices not less than fair market value on the date of grant. The 2011 Plan also required that full value share awards such as restricted stock units reduce shares available under the 2011 Plan at a ratio of 3.5:1. The Company's stock appreciation rights and stock units awarded under the 2011 Plan generally vest over 36 months to 48 months from the date of grant. The 2011 Plan was terminated with respect to any new awards upon stockholder approval of the 2020 Plan.

A combined summary of the status of the Company's stock-settled awards under both the 2020 Plan and 2011 Plan, including base shares for stock-settled stock appreciation rights (SSARs) and stock-settled stock unit awards is as follows:

| | Year ended December 31, 2022 | | | | |
|--|------------------------------|---------------------------------|---|------------------|---|
| | Stock appreciation rights | | | Stock units | |
| | Awards | Weighted average exercise price | Weighted average remaining contractual life | Awards | Weighted average remaining contractual life |
| Outstanding at beginning of year | 5,943 | \$ 64.66 | | 3,385 | |
| Granted | 130 | \$ 110.63 | | 1,152 | |
| Added by performance factor | | | | 136 | |
| Exercised/Vested | (619) | \$ 63.59 | | (1,269) | |
| Canceled | (64) | \$ 55.53 | | (332) | |
| Outstanding at end of period | <u>5,390</u> | <u>\$ 66.00</u> | <u>1.62</u> | <u>3,072</u> | <u>1.93</u> |
| Exercisable at end of period | <u>2,618</u> | <u>\$ 64.93</u> | <u>1.32</u> | <u>—</u> | <u>—</u> |
| Weighted-average fair value of grants: | | | | | |
| 2022 | <u>\$ 35.13</u> | | | <u>\$ 107.60</u> | |
| 2021 | <u>\$ 32.15</u> | | | <u>\$ 109.50</u> | |
| 2020 | <u>\$ 26.70</u> | | | <u>\$ 77.83</u> | |

| Range of SSARs base prices | Awards Outstanding | Weighted average exercise price | Awards exercisable | Weighted average exercise price |
|----------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| \$50.01–\$60.00 | 1,397 | \$ 52.41 | 401 | \$ 52.41 |
| \$60.01–\$70.00 | 3,462 | \$ 67.41 | 2,212 | \$ 67.18 |
| \$70.01–\$80.00 | 269 | \$ 75.85 | 5 | \$ 70.32 |
| \$100.01–\$110.00 | 132 | \$ 108.93 | — | \$ — |
| \$110.01–\$120.00 | 130 | \$ 110.63 | — | \$ — |
| Total | <u>5,390</u> | <u>\$ 66.00</u> | <u>2,618</u> | <u>\$ 64.93</u> |

For the years ended December 31, 2022, 2021 and 2020, the aggregate intrinsic value of stock-based awards exercised was \$149,442, \$208,585 and \$49,258, respectively. At December 31, 2022, the aggregate intrinsic value of stock-based awards outstanding was \$289,942 and the aggregate intrinsic value of stock awards exercisable was \$25,508.

Estimated fair value of stock-based compensation awards

The Company has estimated the grant-date fair value of stock-settled stock appreciation rights awards using the Black-Scholes-Merton valuation model and stock-settled stock unit awards at intrinsic value on the date of grant, except for portions of the Company's performance stock unit awards for which a Monte Carlo simulation was used to estimate the grant-date fair value. The following assumptions were used in estimating these values and determining the related stock-based compensation expense attributable to the current period:

Expected term of the awards: The expected term of awards granted represents the period of time that they are expected to remain outstanding from the date of grant. The Company determines the expected term of its stock awards based on its historical experience with similar awards, considering the Company's historical exercise and post-vesting termination patterns.

Expected volatility: Expected volatility represents the volatility anticipated over the expected term of the award. The Company determines the expected volatility for its awards based on the volatility of the price of its common stock over the most recent retrospective period commensurate with the expected term of the award, considering the volatilities expected by peer companies in near industries.

Expected dividend yield: The Company has not paid dividends on its common stock and does not currently expect to pay dividends during the term of stock awards granted.

Risk-free interest rate: The Company bases the expected risk-free interest rate on the implied yield currently available on stripped interest coupons of U.S. Treasury issues with a remaining term equivalent to the expected term of the award.

A summary of the weighted average valuation inputs described above used for estimating the grant-date fair value of SSAR awards granted in the periods indicated is as follows:

| | Year ended December 31, | | |
|-------------------------|-------------------------|--------|--------|
| | 2022 | 2021 | 2020 |
| Expected term | 4.5 | 4.5 | 4.8 |
| Expected volatility | 34.3 % | 34.3 % | 28.2 % |
| Expected dividend yield | — % | — % | — % |
| Risk-free interest rate | 2.1 % | 0.7 % | 1.5 % |

The Company estimates expected forfeitures based upon historical experience with separate groups of employees that have exhibited similar forfeiture behavior in the past. Stock-based compensation expense is recorded only for awards that are expected to vest.

Employee stock purchase plan

The Employee Stock Purchase Plan entitles qualifying employees to purchase up to \$25 of the Company's common stock during each calendar year. The amounts used to purchase stock are accumulated through payroll withholdings or through optional lump sum payments made in advance of the first day of the purchase right period. This compensatory plan allows employees to purchase stock for the lesser of 100% of its fair market value on the first day of the purchase right period or 85% of its fair market value on the last day of the purchase right period. Purchase right periods begin on January 1 and July 1, and end on December 31. Contributions used to purchase the Company's common stock under this plan for the 2022, 2021 and 2020 purchase periods were \$18,061, \$19,626 and \$17,148, respectively. Shares purchased pursuant to the plan's 2022, 2021 and 2020 purchase periods were 285, 203 and 222, respectively. At December 31, 2022, there were 5,702 shares remaining available for future grants under this plan.

The fair value of participants' purchase rights was estimated as of the beginning dates of the purchase right periods using the Black-Scholes-Merton valuation model with the following weighted average assumptions for purchase right periods in 2022, 2021 and 2020, respectively: expected volatility of 31.7%, 39.0% and 40.4%; risk-free interest rates of 1.3%, 0.1% and 1.0%; and no dividends. Using these assumptions, the weighted average estimated per share fair value of each purchase right was \$26.50, \$34.94 and \$22.06 for 2022, 2021 and 2020, respectively.

Stock-based compensation expense and proceeds

For the years ended December 31, 2022, 2021 and 2020, the Company recognized \$95,427, \$102,209 and \$91,458 in stock-based compensation expense for stock appreciation rights, stock units and discounted employee stock purchase plan purchases, which are primarily included in general and administrative expenses. The estimated tax benefits recorded for stock-based compensation in 2022, 2021 and 2020 were \$14,723, \$13,853 and \$11,775, respectively. As of December 31, 2022, there was \$149,081 of total estimated but unrecognized stock-based compensation expense under the Company's equity compensation and employee stock purchase plans. The Company expects to recognize this expense over a weighted average remaining period of 1.3 years.

For the years ended December 31, 2022, 2021 and 2020, the Company received \$24,805, \$46,990 and \$8,957, respectively, in actual tax benefits upon the exercise or vesting of stock awards. Since the Company issues stock-settled stock appreciation rights rather than stock options, there were no cash proceeds from stock option exercises.

19. Shareholders' equity

Stock repurchases

The following table summarizes the Company's repurchases of its common stock during the years ended December 31, 2022, 2021 and 2020:

| | 2022 | | 2021 | | 2020 |
|------------------------------------|------------|----|-----------|----|-----------|
| Open market repurchases | | | | | |
| Shares | 8,095 | | 13,877 | | 8,495 |
| Amounts paid | \$ 787,854 | \$ | 1,546,016 | \$ | 741,850 |
| Average paid per share | \$ 97.33 | \$ | 111.41 | \$ | 87.32 |
| Tender offer ⁽¹⁾ | | | | | |
| Shares | — | | — | | 7,982 |
| Amounts paid | \$ — | \$ | — | \$ | 704,917 |
| Average paid per share | \$ — | \$ | — | \$ | 88.32 |
| Total | | | | | |
| Shares | 8,095 | | 13,877 | | 16,477 |
| Amounts paid | \$ 787,854 | \$ | 1,546,016 | \$ | 1,446,767 |
| Average paid per share | \$ 97.33 | \$ | 111.41 | \$ | 87.80 |

(1) The aggregate amounts paid for shares repurchased pursuant to the Company's 2020 tender offer for its shares during the year ended 2020, include the clearing price of \$88.00 per share, plus related fees and expenses of \$2,529.

Subsequent to December 31, 2022 through February 22, 2023, the Company did not repurchase any shares.

Effective on December 10, 2020, the Board terminated all remaining prior share repurchase authorizations available to the Company and approved a new share repurchase authorization of \$2,000,000. Effective on December 17, 2021, the Board increased the Company's existing authorization by \$2,000,000. The Company is authorized to make purchases from time to time in the open market or in privately negotiated transactions, including without limitation, through accelerated share repurchase transactions, derivative transactions, tender offers, Rule 10b5-1 plans or any combination of the foregoing, depending upon market conditions and other considerations.

As of February 22, 2023, the Company has a total of \$1,596,085 available under the current authorization for additional share repurchases. Although this share repurchase authorization does not have an expiration date, the Company remains subject to share repurchase limitations, including under the terms of its senior secured credit facilities.

The Company retired all shares held in its treasury effective as of December 31, 2022 and December 31, 2021.

Charter documents & Delaware law

The Company's charter documents include provisions that may deter hostile takeovers, delay or prevent changes of control or changes in management, or limit the ability of stockholders to approve transactions that they may otherwise determine to be in their best interests. These include provisions prohibiting stockholders from acting by written consent, requiring 90 days advance notice for director nominations and stockholder proposals and granting the Company's Board of Directors the authority to issue up to 5,000 shares of preferred stock and to determine the rights and preferences of the preferred stock without the need for further stockholder approval.

The Company is also subject to Section 203 of the Delaware General Corporation Law which, subject to exceptions, prohibits the Company from engaging in any business combinations with any interested stockholder, as defined in that section, for a period of three years following the date on which that stockholder became an interested stockholder. The provisions described above may discourage, delay or prevent an acquisition of the Company at a price that stockholders may find attractive.

Changes in DaVita Inc.'s ownership interests in consolidated subsidiaries

The effects of changes in DaVita Inc.'s ownership interests in consolidated subsidiaries on the Company's consolidated equity were as follows:

| | Year ended December 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Net income attributable to DaVita Inc. | \$ 560,400 | \$ 978,450 | \$ 773,642 |
| Changes in paid-in capital for: | | | |
| Purchases of noncontrolling interests | (6,586) | (13,853) | 4,364 |
| Sales of noncontrolling interest | 939 | (264) | — |
| Net transfers in noncontrolling interests | (5,647) | (14,117) | 4,364 |
| Net income attributable to DaVita Inc. net of transfers in noncontrolling interests | <u>\$ 554,753</u> | <u>\$ 964,333</u> | <u>\$ 778,006</u> |

The Company acquired additional ownership interests in several existing majority-owned partnerships for \$20,775, \$20,104 and \$7,831 in 2022, 2021 and 2020, respectively.

20. Accumulated other comprehensive loss

Charges and credits to other comprehensive (loss) income have been as follows:

| | Interest rate cap agreements | Foreign currency translation adjustments | Accumulated other comprehensive (loss) income |
|--|---------------------------------|--|---|
| Balance at December 31, 2019 | \$ (1,433) | \$ (46,065) | \$ (47,498) |
| Unrealized losses | (21,781) | (7,080) | (28,861) |
| Related income tax | 5,435 | (543) | 4,892 |
| | (16,346) | (7,623) | (23,969) |
| Reclassification of loss into net income | 7,081 | — | 7,081 |
| Related income tax | (1,768) | — | (1,768) |
| | 5,313 | — | 5,313 |
| Balance at December 31, 2020 | \$ (12,466) | \$ (53,688) | \$ (66,154) |
| Unrealized gains (losses) | 9,532 | (83,375) | (73,843) |
| Related income tax | (2,377) | (1,006) | (3,383) |
| | 7,155 | (84,381) | (77,226) |
| Reclassification of loss into net income | 5,509 | — | 5,509 |
| Related income tax | (1,376) | — | (1,376) |
| | 4,133 | — | 4,133 |
| Balance at December 31, 2021 | \$ (1,178) | \$ (138,069) | \$ (139,247) |
| Unrealized gains (losses) | 144,793 | (30,554) | 114,239 |
| Related income tax | (36,124) | 752 | (35,372) |
| | 108,669 | (29,802) | 78,867 |
| Reclassification of income into net income | (11,732) | — | (11,732) |
| Related income tax | 2,926 | — | 2,926 |
| | (8,806) | — | (8,806) |
| Balance at December 31, 2022 | \$ 98,685 | \$ (167,871) | \$ (69,186) |

The reclassification of net interest rate cap realized losses into income are recorded as debt expense in the corresponding consolidated statements of income. See Note 13 for further details.

21. Acquisitions and divestitures

Routine acquisitions

During 2022, 2021 and 2020, the Company acquired dialysis businesses and other businesses, including a transplant software company, as follows:

| | Year ended December 31, | | |
|---|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| Cash paid, net of cash acquired | \$ 57,308 | \$ 187,050 | \$ 182,013 |
| Contingent earn-out obligations | 4,261 | 14,854 | 14,042 |
| Deferred purchase price and liabilities assumed | 15,076 | 10,226 | 20,415 |
| Non-cash gain | — | — | 1,821 |
| Aggregate consideration | \$ 76,645 | \$ 212,130 | \$ 218,291 |
| Number of dialysis centers acquired — U.S. | 5 | 19 | 8 |
| Number of dialysis centers acquired — International | 11 | 17 | 66 |

The assets and liabilities for these acquisitions were recorded at their estimated fair values at the dates of the acquisitions and are included in the Company's consolidated financial statements, as are their operating results, from the designated effective dates of the acquisitions.

The initial purchase price allocations for these transactions have been recorded at estimated fair values based on information available to management and will be finalized when certain information arranged to be obtained has been received. For several of the 2022 acquisitions, certain income tax amounts are pending final evaluation and quantification of any pre-acquisition tax contingencies. In addition, valuation of contingent earn-outs, intangibles, fixed assets, leases and certain working capital items relating to several of these acquisitions are pending final quantification.

The following table summarizes the assets acquired and liabilities assumed in these transactions and recognized at their acquisition dates at estimated fair values, as well as the estimated fair value of noncontrolling interests assumed in these transactions:

| | Year ended December 31, | | |
|--|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| Current assets | \$ 6,389 | \$ 9,134 | \$ 23,607 |
| Property and equipment | 7,481 | 9,277 | 37,457 |
| Customer relationships | — | 17,200 | 34,625 |
| Noncompetition agreements and other long-term assets | 1,066 | 9,964 | 10,168 |
| Indefinite-lived licenses | 19,610 | 11,432 | 22,136 |
| Goodwill | 49,047 | 173,244 | 130,057 |
| Deferred income taxes | — | — | (3,962) |
| Liabilities assumed | (6,081) | (14,200) | (34,068) |
| Noncontrolling interests assumed | (867) | (3,921) | (1,729) |
| | \$ 76,645 | \$ 212,130 | \$ 218,291 |

The following summarizes weighted-average estimated useful lives of amortizable intangible assets acquired during 2022, 2021 and 2020, as well as goodwill deductible for tax purposes associated with these acquisitions:

| | Year ended December 31, | | |
|---|-------------------------|------------|-----------|
| | 2022 | 2021 | 2020 |
| Weighted-average estimated useful lives (in years): | | | |
| Customer relationships | — | 10 | 18 |
| Noncompetition agreements | 4 | 6 | 5 |
| Goodwill deductible for tax purposes | \$ 49,047 | \$ 169,014 | \$ 94,318 |

Pro forma financial information (unaudited)

The following summary, prepared on a pro forma basis, combines the results of operations as if all acquisitions within continuing operations in 2022 and 2021 had been consummated as of the beginning of 2021, including the impact of certain adjustments such as amortization of intangibles, interest expense on acquisition financing and income tax effects.

| | Year ended December 31, | |
|---|-------------------------|---------------|
| | 2022 | 2021 |
| | (unaudited) | |
| Pro forma total revenues | \$ 11,624,270 | \$ 11,706,823 |
| Pro forma net income from continuing operations attributable to DaVita Inc. | \$ 545,859 | \$ 984,227 |
| Pro forma basic net income per share from continuing operations attributable to DaVita Inc. | \$ 5.87 | \$ 9.35 |
| Pro forma diluted net income per share from continuing operations attributable to DaVita Inc. | \$ 5.70 | \$ 8.95 |

Sale of RMS Lifeline

The Company divested its prior vascular access business, RMS Lifeline, Inc., effective May 1, 2020 and recognized a loss on sale of approximately \$16,252.

Contingent earn-out obligations

The Company has contingent earn-out obligations associated with acquisitions that could result in the Company paying the former owners of acquired businesses a total of up to approximately \$58,947 if certain performance targets or quality margins are met over the next one year to five years.

Contingent earn-out obligations are remeasured to fair value at each reporting date until the contingencies are resolved with changes in the liability due to the remeasurement recognized in earnings. See Note 24 for further details. As of December 31, 2022, the Company estimated the fair value of these contingent earn-out obligations to be \$25,422, of which a total of \$11,308 is included in other current liabilities, and the remaining \$14,114 is included in other long-term liabilities in the Company's consolidated balance sheet.

The following is a reconciliation of changes in contingent earn-out liabilities for the years ended December 31, 2022 and 2021:

| | Year ended December 31, | |
|-------------------------------|-------------------------|------------------|
| | 2022 | 2021 |
| Beginning balance | \$ 33,600 | \$ 30,248 |
| Acquisitions | 4,261 | 14,854 |
| Foreign currency translation | 840 | (1,674) |
| Fair value remeasurements | (5,921) | (1,292) |
| Payments or other settlements | (7,358) | (8,536) |
| Ending balance | <u>\$ 25,422</u> | <u>\$ 33,600</u> |

22. Discontinued operations previously held for sale

DaVita Medical Group (DMG)

On June 19, 2019, the Company completed the sale of its prior DMG business to Optum, a subsidiary of UnitedHealth Group Inc. At close, the Company's ultimate net proceeds from this sale remained subject to resolution of certain post-closing adjustments.

Shortly after December 31, 2022, Optum made an additional purchase price payment of \$13,452 to the Company after resolution of one such post-closing matter, which represented a contingent gain to the Company for the fourth quarter of 2022. Upon resolution of certain prior post-closing adjustments with Optum in 2020, the Company recognized an additional loss on sale of \$17,976, which was partially offset by \$9,980 in additional tax benefits recognized under the Coronavirus Aid, Relief and Economic Security Act related to the Company's period of DMG ownership, and a related income tax benefit to the Company of \$1,657.

The Company recognized no DMG operating, financing or investing cash flows for the years ended December 31, 2022, 2021 and 2020.

Under the equity purchase agreement, the Company also has certain continuing indemnification obligations that could require payments to the buyer relating to the Company's previous ownership and operation of the DMG business. Potential payments under these provisions, if any, remain subject to continuing uncertainties and the amounts of such payments could be significant to the Company.

23. Variable interest entities

The Company manages or maintains an ownership interest in certain legal entities subject to the consolidation guidance applicable to variable interest entities (VIEs). Almost all of the VIEs the Company consolidates are either U.S. dialysis partnerships encumbered by guaranteed debt, U.S. dialysis limited partnerships, U.S. integrated care subsidiaries, or other legal entities subject to nominee ownership arrangements.

Under U.S. GAAP, VIEs typically include entities for which (i) the entity's equity is not sufficient to finance its activities without additional subordinated financial support; (ii) the equity holders as a group lack the power to direct the activities that most significantly influence the entity's economic performance, the obligation to absorb the entity's expected losses, or the right to receive the entity's expected returns; or (iii) the voting rights of some investors are not proportional to their obligations to absorb the entity's losses.

The substantial majority of VIEs the Company is associated with are U.S. dialysis partnerships which the Company manages and in which it maintains a controlling majority ownership interest. These U.S. dialysis partnerships are considered VIEs either because they are (i) encumbered by debt guaranteed proportionately by the partners that is considered necessary to finance the partnership's activities, or (ii) in the form of limited partnerships for which the limited partners are not considered to have substantive kick-out or participating rights. The Company consolidates virtually all such U.S. dialysis partnerships.

Also, certain wholly-owned entities employed in the Company's integrated kidney care business constitute VIEs since by design these entities require additional subordinated financial support. The Company wholly owns but does not wholly control these entities. However, the Company believes it has the most power over these entities' most significant activities, and the Company is fully exposed to their expected losses. The Company therefore consolidates these wholly-owned entities as its subsidiaries.

Finally, one of the Company's business units relies on the operating activities of certain nominee-owned legal entities in which it does not maintain a controlling ownership interest but over which it has indirect influence and of which it is considered the primary beneficiary. These entities are subject to transfer restriction, management and other agreements that effectively transfer substantial ultimate powers over, and economic responsibility for, these entities to the Company. The Company consolidates all of the nominee-owned entities with which it is most closely associated.

In addition to the consolidated entities described above, the Company maintains minor equity method or other venture capital investments in certain development-stage investees which qualify as VIEs based on their capitalization. The Company has concluded that it is not the primary beneficiary of any of these investees.

For the VIEs described above, these consolidated financial statements include total assets of \$316,639 and total liabilities and noncontrolling interests to third parties of \$191,357 at December 31, 2022.

The Company also sponsors certain non-qualified deferred compensation plans whose trusts qualify as VIEs and the Company consolidates these plans as their primary beneficiary. The assets of these plans are recorded in short-term or long-term investments with related liabilities recorded in accrued compensation and benefits and other long-term liabilities. See Notes 5 and 15 for disclosures concerning the assets of these consolidated non-qualified deferred compensation plans.

24. Fair values of financial instruments

The Company measures the fair value of certain assets, liabilities, and noncontrolling interests subject to put provisions (redeemable equity interests classified as temporary equity) based upon certain valuation techniques that include observable or unobservable inputs and assumptions that market participants would use in pricing these assets, liabilities, temporary equity and commitments. The Company has also classified assets, liabilities and temporary equity that are measured at fair value on a recurring basis into the appropriate fair value hierarchy levels as defined by the FASB.

The following table summarizes the Company's assets, liabilities and temporary equity measured at fair value on a recurring basis as of December 31, 2022 and 2021:

| December 31, 2022 | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|--|--------------|---|---|--|
| Assets | | | | |
| Investments in equity securities | \$ 39,143 | \$ 39,143 | \$ — | \$ — |
| Interest rate cap agreements | \$ 139,755 | \$ — | \$ 139,755 | \$ — |
| Liabilities | | | | |
| Contingent earn-out obligations | \$ 25,422 | \$ — | \$ — | \$ 25,422 |
| Temporary equity | | | | |
| Noncontrolling interests subject to put provisions | \$ 1,348,908 | \$ — | \$ — | \$ 1,348,908 |
| December 31, 2021 | | | | |
| Assets | | | | |
| Investments in equity securities | \$ 48,598 | \$ 48,598 | \$ — | \$ — |
| Interest rate cap agreements | \$ 12,203 | \$ — | \$ 12,203 | \$ — |
| Liabilities | | | | |
| Contingent earn-out obligations | \$ 33,600 | \$ — | \$ — | \$ 33,600 |
| Temporary equity | | | | |
| Noncontrolling interests subject to put provisions | \$ 1,434,832 | \$ — | \$ — | \$ 1,434,832 |

For reconciliations of changes in contingent earn-out obligations and noncontrolling interests subject to put provisions during the year ended at December 31, 2022 and 2021, see Note 21 and the consolidated statements of equity, respectively.

Investments in equity securities represent investments in various open-ended registered investment companies (mutual funds) and common stocks and are recorded at fair value estimated based on reported market prices or redemption prices, as applicable. See Note 5 for further discussion.

Interest rate cap agreements are recorded at fair value estimated from valuation models utilizing the income approach and commonly accepted valuation techniques that use inputs from closing prices for similar assets and liabilities in active markets as well as other relevant observable market inputs at quoted intervals such as current interest rates, forward yield curves, implied volatility and credit default swap pricing. The Company does not believe the ultimate amount that could be realized upon settlement of these interest rate cap agreements would be materially different from the fair value estimates currently reported. See Note 13 for further discussion.

The estimated fair value measurements of contingent earn-out obligations are primarily based on unobservable inputs, including projected earnings before interest, taxes, depreciation, and amortization (EBITDA), revenue and key performance indicators. The estimated fair value of these contingent earn-out obligations is remeasured as of each reporting date and could fluctuate based upon any significant changes in key assumptions, such as changes in the Company credit risk adjusted rate that is used to discount obligations to present value. See Note 21 for further discussion.

The estimated fair value of noncontrolling interests subject to put provisions is based principally on the higher of either estimated liquidation value of net assets or a multiple of earnings for each subject dialysis partnership, based on historical earnings, revenue mix, and other performance indicators that can affect future results. The multiples used for these valuations are derived from observed ownership transactions for dialysis businesses between unrelated parties in the U.S. in recent years, and the specific valuation multiple applied to each dialysis partnership is principally determined by its recent and expected revenue mix and contribution margin. As of December 31, 2022, an increase or decrease in the weighted average multiple used in these valuations of one times EBITDA would change the estimated fair value of these noncontrolling interests by approximately \$168,000. See Note 17 for a discussion of the Company's methodology for estimating the fair values of noncontrolling interests subject to put obligations.

The Company's fair value estimates for its senior secured credit facilities and senior notes are based upon quoted bid and ask prices for these instruments, typically a level 2 input. See Note 13 for further discussion of the Company's debt.

Other financial instruments consist primarily of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, other accrued liabilities, lease liabilities and debt. The balances of financial instruments other than debt and lease liabilities are presented in the consolidated financial statements at December 31, 2022 and 2021 at their approximate fair values due to the short-term nature of their settlements.

25. Segment reporting

The Company's operating divisions are comprised of its U.S. dialysis and related lab services business (its U.S. dialysis business), its U.S. integrated kidney care business, its U.S. other ancillary services and its international operations (collectively, its ancillary services), as well as its corporate administrative support. See Note 1 "*Organization*" for a summary description of the Company's businesses.

On June 19, 2019, the Company completed the sale of its prior DMG business to Optum. As a result of this transaction, DMG's results of operations have been reported as discontinued operations for all periods presented.

The Company's operating segments have been defined based on the separate financial information that is regularly produced and reviewed by the Company's chief operating decision maker in making decisions about allocating resources to and assessing the financial performance of the Company's various operating lines of business. The chief operating decision maker for the Company is its Chief Executive Officer.

The Company's separate operating segments include its U.S. dialysis and related lab services business, its U.S. integrated kidney care business, its U.S. other ancillary services, its kidney care operations in each foreign sovereign jurisdiction, and its equity method investment in the APAC joint venture. The U.S. dialysis and related lab services business qualifies as a separately reportable segment, and all other operating segments have been combined and disclosed in the other segments category.

The Company's operating segment financial information included in this report is prepared on the internal management reporting basis that the chief operating decision maker uses to allocate resources and assess the financial performance of the Company's operating segments. For internal management reporting, segment operations include direct segment operating expenses but generally exclude corporate administrative support costs, which consist primarily of indirect labor, benefits and long-term incentive compensation expenses of certain departments which provide support to all of the Company's various operating lines of business.

The following is a summary of segment revenues, segment operating margin (loss), and a reconciliation of segment operating margin to consolidated income from continuing operations before income taxes:

| | Year ended December 31, | | |
|--|-------------------------|---------------|---------------|
| | 2022 | 2021 | 2020 |
| Segment revenues: | | | |
| U.S. dialysis | | | |
| Patient service revenues: | | | |
| External sources | \$ 10,488,327 | \$ 10,551,106 | \$ 10,475,273 |
| Intersegment revenues | 87,045 | 90,512 | 144,091 |
| U.S. dialysis patient service revenues | 10,575,372 | 10,641,618 | 10,619,364 |
| Other revenues | | | |
| External sources | 24,447 | 25,061 | 39,376 |
| Intersegment revenues | (10) | 284 | 1,195 |
| Total U.S. dialysis revenues | \$ 10,599,809 | \$ 10,666,963 | \$ 10,659,935 |
| Other - Ancillary services | | | |
| Net patient service revenues | 688,137 | 662,409 | 550,978 |
| Other external sources | 408,983 | 380,221 | 484,977 |
| Intersegment revenues | 4,206 | 4,294 | 16,743 |
| Total ancillary services | 1,101,326 | 1,046,924 | 1,052,698 |
| Total net segment revenues | 11,701,135 | 11,713,887 | 11,712,633 |
| Elimination of intersegment revenues | (91,241) | (95,090) | (162,029) |
| Consolidated revenues | \$ 11,609,894 | \$ 11,618,797 | \$ 11,550,604 |
| Segment operating margin (loss): | | | |
| U.S. dialysis | \$ 1,565,310 | \$ 1,974,988 | \$ 1,917,604 |
| Other - Ancillary services ⁽¹⁾ | (96,579) | (66,003) | (76,261) |
| Total segment margin | 1,468,731 | 1,908,985 | 1,841,343 |
| Reconciliation of segment operating margin to consolidated income from continuing operations before income taxes: | | | |
| Corporate administrative support | (129,669) | (111,615) | (146,707) |
| Consolidated operating income | 1,339,062 | 1,797,370 | 1,694,636 |
| Debt expense | (357,019) | (285,254) | (304,111) |
| Debt prepayment, refinancing and redemption charges | — | — | (89,022) |
| Other (loss) income, net | (15,765) | 6,378 | 16,759 |
| Income from continuing operations before income taxes | \$ 966,278 | \$ 1,518,494 | \$ 1,318,262 |

(1) Includes equity investment income of \$1,898, \$3,177 and \$5,866 in 2022, 2021 and 2020, respectively.

Depreciation and amortization expense by reportable segment was as follows:

| | Year ended December 31, | | |
|----------------------------|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| U.S. dialysis | \$ 690,949 | \$ 642,711 | \$ 594,552 |
| Other - Ancillary services | 41,653 | 37,904 | 35,883 |
| | \$ 732,602 | \$ 680,615 | \$ 630,435 |

Expenditures for property and equipment by reportable segment were as follows:

| | Year ended December 31, | | |
|----------------------------|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| U.S. dialysis | 533,600 | \$ 589,662 | \$ 646,870 |
| Other - Ancillary services | 69,829 | 51,803 | 27,671 |
| | <u>\$ 603,429</u> | <u>\$ 641,465</u> | <u>\$ 674,541</u> |

Summary of assets by reportable segment was as follows:

| | Year ended December 31, | |
|---|-------------------------|----------------------|
| | 2022 | 2021 |
| Segment assets | | |
| U.S. dialysis ⁽¹⁾ | \$ 15,084,454 | \$ 15,375,000 |
| Other - Ancillary services ⁽²⁾ | 1,843,798 | 1,746,488 |
| Consolidated assets | <u>\$ 16,928,252</u> | <u>\$ 17,121,488</u> |

(1) Includes equity method and other investments of \$113,781 and \$112,500 in 2022 and 2021, respectively.

(2) Includes equity method and other investments of \$117,327 and \$126,381 in 2022 and 2021, respectively and includes approximately \$207,162 and \$190,029 in 2022 and 2021, respectively, of net property and equipment related to the Company's international operations.

26. Supplemental cash flow information

The table below provides supplemental cash flow information:

| | Year ended December 31, | | |
|---|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| Cash paid: | | | |
| Income taxes, net | \$ 344,430 | \$ 209,754 | \$ 154,850 |
| Interest, net | \$ 350,999 | \$ 279,002 | \$ 326,165 |
| Non-cash investing and financing activities: | | | |
| Fixed assets under financing lease obligations | \$ 1,928 | \$ 31,690 | \$ 22,042 |

EXHIBIT INDEX

- [2.1](#) Equity Purchase Agreement, dated as of December 5, 2017, by and among DaVita Inc., Collaborative Care Holdings, LLC, and solely with respect to Section 9.3 and Section 9.18 thereto, UnitedHealth Group Incorporated.(2)
- [2.2](#) Amendment No. 1 dated as of September 20, 2018, to that certain Equity Purchase Agreement, dated as of December 5, 2017, by and among DaVita Inc., a Delaware corporation, Collaborative Care Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of Optum, Inc., and solely with respect to Section 9.3 and Section 9.18 thereto, UnitedHealth Group Incorporated, a Delaware corporation.(14)
- [2.3](#) Second Amendment to Equity Purchase Agreement by and between DaVita Inc., a Delaware corporation, and Collaborative Care Holdings, LLC, a Delaware limited liability company, dated as of December 11, 2018, amending that certain Equity Purchase Agreement, dated as of December 5, 2017, by and among DaVita Inc., Collaborative Care Holdings, LLC, and, solely with respect to Section 9.3 and Section 9.18 thereto, UnitedHealth Group Incorporated (as previously amended).(9)
- [3.1](#) Restated Certificate of Incorporation of DaVita Inc., as filed with the Secretary of State of Delaware on November 1, 2016.(1)
- [3.2](#) Amended and Restated Bylaws for DaVita Inc. adopted on October 14, 2022.(23)
- [4.1](#) Indenture for the 4.625% Senior Notes due 2030, dated as of June 9, 2020, by and among DaVita Inc., the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as Trustee.(13)
- [4.2](#) Form of 4.625% Senior Notes due 2030 and related Guarantee (included in Exhibit 4.1).(13)
- [4.3](#) Indenture for the 3.750% Senior Notes due 2031, dated August 11, 2020, by and among DaVita Inc., the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as Trustee.(11)
- [4.4](#) Form of 3.750% Senior Notes due 2031 and related Guarantee (included in Exhibit 4.3).(11)
- [4.5](#) Description of Securities.(20)
- [10.1](#) Credit Agreement, dated August 12, 2019, by and among DaVita Inc., certain subsidiary guarantors party thereto, the lenders party thereto, Credit Agricole Corporate and Investment Bank, JPMorgan Chase Bank, N.A. and MUFG Bank Ltd., as co-syndication agents, Bank of America, N.A., Barclays Bank PLC, Credit Suisse Loan Funding LLC, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc. and Suntrust Bank, as co-documentation agents, and Wells Fargo Bank, National Association, as administrative agent, collateral agent and swingline lender.(16)
- [10.2](#) First Amendment, dated as of February 13, 2020, to that certain Credit Agreement, dated as of August 12, 2019, by and among DaVita Inc., certain subsidiary guarantors party thereto, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent, collateral agent and swingline lender.(20)
- [10.3](#) Employment Agreement, dated as of April 29, 2019, by and between Javier J. Rodriguez and DaVita Inc.(10)*
- [10.4](#) Stock Appreciation Rights Agreement, effective November 4, 2019, by and between Javier J. Rodriguez and DaVita Inc.(19)*
- [10.5](#) Employment Agreement, effective February 21, 2017, by and between DaVita Inc. and Joel Ackerman.(6)*
- [10.6](#) Employment Agreement, effective April 27, 2016, by and between DaVita HealthCare Partners Inc. and Kathleen A. Waters.(4)*

| | |
|-----------------------|---|
| 10.7 | Employment Agreement, effective April 29, 2015, by and between DaVita HealthCare Partners Inc. and Michael Staffieri.(20)* |
| 10.8 | Form of Indemnity Agreement.(8)* |
| 10.9 | Form of Indemnity Agreement.(5)* |
| 10.10 | DaVita Inc. Deferred Compensation Plan.(6)* |
| 10.11 | Amended and Restated Employee Stock Purchase Plan.(18)* |
| 10.12 | DaVita Inc. Severance Plan for Directors and Above.(3)* |
| 10.13 | DaVita Inc. Non-Employee Director Compensation Policy.✓* |
| 10.14 | Amended and Restated DaVita Inc. 2011 Incentive Award Plan.(7)* |
| 10.15 | Amendment No. 1 to the Amended and Restated DaVita Inc. 2011 Incentive Award Plan.(19)* |
| 10.16 | DaVita Inc. 2020 Incentive Award Plan.(21)* |
| 10.17 | DaVita Inc. Rule of 65 Policy, adopted on August 19, 2018.(15)* |
| 10.18 | Form of Stock Appreciation Rights Agreement-Board members (DaVita Inc. 2011 Incentive Award Plan).(24)* |
| 10.19 | Form of Stock Appreciation Rights Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(12)* |
| 10.20 | Form of Long-Term Incentive Program Award Agreement (For 162(m) designated teammates) (DaVita Inc. 2011 Incentive Award Plan).(12)* |
| 10.21 | Form of Long-Term Incentive Program Award Agreement (DaVita Inc. 2011 Incentive Award Plan).(12)* |
| 10.22 | Form of Restricted Stock Units Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(17)* |
| 10.23 | Form of Performance Stock Units Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(17)* |
| 10.24 | Form of Stock Appreciation Rights Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(17)* |
| 10.25 | Form of Restricted Stock Units Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(17)* |
| 10.26 | Form of Performance Stock Units Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(17)* |
| 10.27 | Form of Stock Appreciation Rights Agreement-Executives (DaVita Inc. 2011 Incentive Award Plan).(17)* |
| 10.28 | Form of Stock Appreciation Rights Agreement (DaVita Inc. 2020 Incentive Award Plan).(22)* |
| 10.29 | Form of Performance-Based Restricted Stock Unit Agreement (DaVita Inc. 2020 Incentive Award Plan).(22)* |
| 10.30 | Form of Restricted Stock Unit Agreement (DaVita Inc. 2020 Incentive Award Plan).(22)* |
| 10.31 | Form of Performance Award Agreement (DaVita Inc. 2020 Incentive Award Plan).✓* |

| | |
|----------------------|---|
| 21.T | List of our subsidiaries. ✓ |
| 23.1 | Consent of KPMG LLP, independent registered public accounting firm. ✓ |
| 24.1 | Powers of Attorney with respect to DaVita Inc. (Included on Page S-1). |
| 31.1 | Certification of the Chief Executive Officer, dated February 22, 2023, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ✓ |
| 31.2 | Certification of the Chief Financial Officer, dated February 22, 2023, pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ✓ |
| 32.1 | Certification of the Chief Executive Officer, dated February 22, 2023, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ✓ |
| 32.2 | Certification of the Chief Financial Officer, dated February 22, 2023, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ✓ |
| 101.INS | XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. ✓ |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. ✓ |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. ✓ |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. ✓ |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. ✓ |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. ✓ |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). ✓ |

✓ Included in this filing.

* Management contract or executive compensation plan or arrangement.

- (1) Filed on November 2, 2016 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
- (2) Filed on December 6, 2017 as an exhibit to the Company's Current Report on Form 8-K.
- (3) Filed on October 28, 2021 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.
- (4) Filed on May 2, 2017 as an exhibit to the Company's Quarterly Report on 10-Q for the quarter ended March 31, 2017.
- (5) Filed on March 3, 2005 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
- (6) Filed on February 24, 2017 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.
- (7) Filed on April 28, 2014 as an appendix to the Company's Definitive Proxy Statement on Schedule 14A.
- (8) Filed on December 20, 2006 as an exhibit to the Company's Current Report on Form 8-K.
- (9) Filed on December 17, 2018 as an exhibit to the Company's Current Report on Form 8-K.
- (10) Filed on April 29, 2019 as an exhibit to the Company's Current Report on Form 8-K.
- (11) Filed on August 11, 2020 as an exhibit to the Company's Current Report on Form 8-K.
- (12) Filed on March 1, 2013 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

- (13) Filed on June 9, 2020 as an exhibit to the Company's Current Report on Form 8-K.
- (14) Filed on September 24, 2018 as an exhibit to the Company's Current Report on Form 8-K.
- (15) Filed on August 23, 2018 as an exhibit to the Company's Current Report on Form 8-K.
- (16) Filed on August 14, 2019 as an exhibit to the Company's Current Report on Form 8-K.
- (17) Filed on July 22, 2019 as an exhibit to the Company's Tender Offer Statement on Schedule TO-I.
- (18) Filed on May 10, 2016 as an appendix to the Company's Proxy Statement on DEF 14A.
- (19) Filed on December 6, 2019 as an appendix to the Company's Proxy Statement on DEF 14A.
- (20) Filed on February 21, 2020 as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.
- (21) Filed on April 27, 2020 as an appendix to the Company's Proxy Statement on DEF 14A.
- (22) Filed on August 17, 2020 as an exhibit to the Company's Tender Offer Statement on Schedule TO-I.
- (23) Filed on October 18, 2022 as an exhibit to the Company's Current Report on Form 8-K.
- (24) Filed on August 1, 2018 as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, we have duly caused this Annual Report on Form 10-K to be signed on our behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, on February 22, 2023.

DAVITA INC.

By:

/s/ JAVIER J. RODRIGUEZ

Javier J. Rodriguez
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Javier J. Rodriguez, Joel Ackerman, and Kathleen Waters, and each of them his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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| Signature | Title | Date |
|--|--|-------------------|
| /s/ JAVIER J. RODRIGUEZ Javier J. Rodriguez | Chief Executive Officer and Director (Principal Executive Officer) | February 22, 2023 |
| /s/ JOEL ACKERMAN Joel Ackerman | Chief Financial Officer and Treasurer (Principal Financial Officer) | February 22, 2023 |
| /s/ JOHN D. WINSTEL John D. Winstel | Chief Accounting Officer (Principal Accounting Officer) | February 22, 2023 |
| /s/ PAMELA M. ARWAY Pamela M. Arway | Director | February 22, 2023 |
| /s/ CHARLES G. BERG Charles G. Berg | Director | February 22, 2023 |
| /s/ BARBARA J. DESOER Barbara J. Desoer | Director | February 22, 2023 |
| /s/ PAUL J. DIAZ Paul J. Diaz | Director | February 22, 2023 |
| /s/ JASON M. HOLLAR Jason M. Hollar | Director | February 22, 2023 |
| /s/ GREGORY J. MOORE Gregory J. Moore | Director | February 22, 2023 |
| /s/ JOHN M. NEHRA John M. Nehra | Director | February 22, 2023 |
| /s/ ADAM H. SCHECHTER Adam H. Schechter | Director | February 22, 2023 |
| /s/ PHYLLIS R. YALE Phyllis R. Yale | Director | February 22, 2023 |

DAVITA INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

| Description | Balance at beginning of year | Acquisitions | Amounts charged to income | Amounts written off | Balance at end of year |
|---------------------------------------|------------------------------------|--------------|---------------------------------|------------------------|---------------------------|
| (dollars in thousands) | | | | | |
| Allowance for uncollectible accounts: | | | | | |
| Year ended December 31, 2022 | \$ — | \$ — | \$ — | \$ — | \$ — |
| Year ended December 31, 2021 | \$ — | \$ — | \$ — | \$ — | \$ — |
| Year ended December 31, 2020 | \$ 8,328 | \$ — | \$ 13,458 | \$ 21,786 | \$ — |

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DAVITA INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY
(Effective as of January 1, 2023)

ARTICLE I
PURPOSE

The primary purposes of the DaVita Inc. (the “Company”) Non-Employee Director Compensation Policy (this “Policy”) are as follows:

- to pay differentially higher compensation for higher levels of work, responsibility and performance;
- to provide a compensation structure that will attract highly competent candidates; and
- to provide a significant portion of compensation in the form of equity-based awards to further align non-employee director compensation with stockholder interests.

All references to “Director” in this Policy shall mean a member of the Company’s Board of Directors (the “Board”) who is not employed by the Company.

ARTICLE II
BASE ANNUAL RETAINER

Each Director shall receive a base annual retainer (the “Base Annual Retainer”) of up to Three Hundred Thousand Dollars (\$300,000) per fiscal year as follows:

2.1 Cash: One Hundred Thousand Dollars (\$100,000) to be paid in quarterly installments made within five business days of the last calendar day of each fiscal quarter.

2.2 Direct Stock Issuances: Two Hundred Thousand Dollars (\$200,000) to be paid in the form of direct stock issuances (“DSIs”). The DSIs shall be subject to the following terms and conditions (the “DSI Grant Terms”):

2.2.1 Grant Date: The DSIs shall be granted in four equal installments on March 15, May 15, August 15, and November 15 (each, a “Grant Date”), subject to the Director’s continued service through the applicable Grant Date; *provided, however*, that a Grant Date will be accelerated in the event of a Director’s separation from the Board prior to a specified Grant Date in accordance with the applicable proration provisions in this Policy.

2.2.2 Amount: The number of DSIs to be granted on each Grant Date shall be the nearest whole number of shares as determined by dividing Fifty Thousand Dollars (\$50,000) by the closing market price of the Company's common stock as listed on the New York Stock Exchange ("NYSE") on the Grant Date, and if the Grant Date does not fall on a NYSE trading day, then on the last trading day prior to the Grant Date.

2.3 Proration: The quarterly payments of the Base Annual Retainer shall be prorated, as applicable, based on the days of service on the Board during the applicable calendar quarter.

ARTICLE III

ANNUAL RETAINER PREMIUM - LEAD INDEPENDENT DIRECTOR

A Director serving as the Lead Independent Director of the Board, as applicable, shall be paid a premium (the "Lead Director Premium") of up to One Hundred Twenty-Five Thousand Dollars (\$125,000) per fiscal year as follows:

3.1 Cash: Thirty-Seven Thousand and Five Hundred Dollars (\$37,500) to be paid in quarterly installments made within five business days of the last calendar day of each fiscal quarter.

3.2 Direct Share Issuances: Eighty-Seven Thousand and Five Hundred Dollars (\$87,500) to be paid in the form of DSIs to be granted in accordance with, and subject to, the DSI Grant Terms provided in Section 2.2 above. For the avoidance of doubt:

3.2.1 Grant Date: The DSI component of the Lead Director Premium shall be granted in four equal quarterly installments on a Grant Date, subject to the Lead Independent Director's continued service in that role through the applicable Grant Date.

3.2.2 Amount: The number of DSIs to be granted as part of the Lead Director Premium on each Grant Date shall be the nearest whole number of shares as determined by dividing Twenty-One Thousand Eight Hundred and Seventy-Five Dollars (\$21,875) by the closing market price of the Company's common stock as listed on the New York Stock Exchange on the Grant Date, and if the Grant Date does not fall on a New York Stock Exchange trading day, then on the last trading day prior to the Grant Date.

3.3 Proration: The quarterly payments of the Lead Director Premium shall be prorated, as applicable, based on the days of service as Lead Independent Director during the applicable calendar quarter.

ARTICLE IV
ANNUAL RETAINER PREMIUM - INDEPENDENT CHAIR

A Director serving as the independent Chair of the Board (the “Independent Chair”) shall be paid a premium (the “Independent Chair Premium”) of up to One Hundred and Seventy-Five Thousand Dollars (\$175,000) cash per fiscal year to be paid in quarterly installments made within five business days of the last calendar day of each fiscal quarter, with such quarterly payments prorated based on the days of service as the Independent Chair during the applicable calendar quarter.

ARTICLE V
ANNUAL RETAINER PREMIUM - COMMITTEE CHAIRS

A Director serving as a Chair of a standing committee (“Committee”) of the Board shall be paid a cash premium (the “Chair Premium”) per fiscal year as follows:

5.1 Chairs of the Audit, Compensation, Nominating and Governance, and Compliance and Quality Committees: Fifty Thousand Dollars (\$50,000) cash to be paid each in quarterly installments made within five business days of the last calendar day of each fiscal quarter, with such quarterly payment prorated based on the days of service as the Chair of the applicable Committee during the applicable calendar quarter.

ARTICLE VI
MEETING FEES

A Director shall be paid the following fees for his or her in person or telephonic attendance of Board and Committee meetings as follows:

6.1 Board: Two Thousand and Five Hundred Dollars (\$2,500) cash for attendance of: (1) special Board meetings held in person, irrespective of length; and (2) special Board meetings held telephonically that last approximately one hour or more. No additional compensation shall be provided for attendance of regular Board meetings.

6.2 Committees/Sub-Committees: Two Thousand and Five Hundred Dollars (\$2,500) cash for attendance of the following Committee meetings, provided that the Director is a member of such Committee at the time of such meeting: (1) regular or special Committee meetings held in person; and (2) regular or special Committee meetings held telephonically that last approximately one hour or more. Notwithstanding the foregoing, each member of the Audit

Committee shall be paid Two Thousand and Five Hundred Dollars (\$2,500) cash for his or her in person or telephonic attendance of each Audit Committee meeting related to quarterly earnings releases, regardless of the duration of such meeting.

6.2.1 Committee Meeting Attendance by Non-Members. Notwithstanding anything herein to the contrary, a Director shall be paid Two Thousand and Five Hundred Dollars (\$2,500) cash for attendance of a regular or special meeting of a Committee of which such Director is not a member, provided that such Director's attendance was made at the request of the Chair of such Committee and provided further that such payment is made in accordance with the other requirements of this Section 6.2.

6.2.2 New Committee Members: A Director attending a Committee meeting held earlier on the same day of a Board meeting during which action was taken by the Board to appoint him or her to such Committee, will be eligible to receive Committee meeting fees as described under this Section 6.2.

ARTICLE VII
EXPENSE REIMBURSEMENT AND COMPENSATION
FOR ADDITIONAL TIME EXPENDED

7.1 Expense Reimbursement. Each Director shall be reimbursed for his or her reasonable out-of-pocket business expenses incurred in connection with attending meetings of the Board or its Committees or in connection with other Board-related business or activities.

7.2 Compensation for Additional Time. Each Director shall be compensated in cash on a "per diem," hourly or other basis at a rate that is reasonable and fair to the Company as determined in the discretion of the Lead Independent Director or Independent Chair, as applicable (or, should the matter be referred to them, the Board or the Compensation Committee), for significant time spent outside of Board or Committee meetings for meetings or activities outside the scope of normal Board duties, including, without limitation, director training, meeting with Company management or external auditors, interviewing director candidates or other activities deemed necessary by the Lead Independent Director or Independent Chair, as applicable (or should the matter be referred to them, the Compensation Committee or the entire Board). Any dollar amounts set for a particular unit of time shall be paid on a pro rata basis for time expended that is less than the full unit of time for which a rate was set. The Lead Independent Director or Independent Chair, as applicable, shall oversee requests for compensation under this Article VII.

DaVita Inc.

Performance Award Agreement under the DaVita Inc. 2020 Incentive Award Plan

This **Performance Award Agreement** (this “Agreement”) is dated as of the Grant Date indicated below by and between DaVita Inc., a Delaware corporation (the “Company”), and the Grantee indicated below pursuant to the **DaVita Inc. 2020 Incentive Award Plan** (the “Plan”).

Primary Terms

Grantee: «Grantee»

Grant Date: «Grant Date»

Performance

Conditions: As indicated on Exhibit B

Vesting Conditions: As indicated on Exhibit B

Performance Period: «Performance Period»

Target Amount: «Target Amount»

Plan Name: 2020 Incentive Award Plan

This Agreement includes this cover page and the following Exhibits, which are expressly incorporated by reference in their entirety herein:

Exhibit A – General Terms and Conditions Exhibit B – Performance and Vesting Conditions

Grantee hereby expressly acknowledges and agrees that he/she/they is an employee at will and may be terminated by the Company or its applicable Affiliate at any time, with or without cause. By accepting this Award, Grantee hereby acknowledges he/she/they has a copy of the Plan, and accepts and agrees to the terms and provisions of this Agreement and the Plan. Capitalized terms that are used but not defined in this Agreement shall have the meanings set forth in the Plan.

IN WITNESS WHEREOF, the Company and the Grantee have accepted this Agreement effective as of the Grant Date.

DaVita Inc.

Grantee

DaVita Inc.
Performance Award Agreement

Exhibit A – General Terms and Conditions

For valuable consideration, the receipt of which is acknowledged, the parties hereto agree as follows:

- 1. Grant and Payment of Performance Award.** The Company hereby grants to Grantee this performance award (the “Award”), subject to adjustment, forfeiture and the other terms and conditions set forth below and in the Plan. This Award represents Grantee’s right to receive a cash bonus in the amount indicated on the front page, subject to Grantee’s fulfillment of the conditions set forth in this Agreement including, without limitation, the achievement of the performance criteria as approved by the Committee and reflected in Exhibit B (the “Performance Goals”) during the performance period reflected on the front page (the “Performance Period”). To the extent that the Committee (or its delegate) determines that some or all of the Performance Goals have been achieved, then as soon as practicable following such determination (but in any event no later than March 15th following the year in which the applicable Performance Goal is achieved), the Company shall pay to Grantee the cash bonus determined pursuant to the Committee’s (or its delegate’s) determination of the level of achievement of the Performance Goals, subject to Grantee’s continued employment through the applicable payment date and Section 3 below. For the avoidance of doubt, the payment date of the Award shall be the date on which the Award is earned.
- 2. Termination of Employment.** Except as may be set forth in Exhibit B or pursuant to the terms of any written employment agreement between the Grantee and the Company or an Affiliate thereof in effect on the Grant Date, the Award will terminate upon the date Grantee’s employment with the Company or any Affiliate is terminated for any reason. Upon the date that Grantee ceases being an Employee for any reason other than as may be expressly contemplated in Exhibit B or pursuant to the terms of any written employment agreement between the Grantee and the Company or an Affiliate thereof in effect on the Grant Date, Grantee will forfeit his/her/their right to any unpaid portion of the Award.
- 3. Taxes.** Grantee is ultimately liable and responsible for all taxes under all applicable federal, state, local or other laws or regulations (the “Required Tax Payments”) owed in connection with the Award, regardless of any action the Company or any of its Affiliates takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any of its Affiliates makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or settlement of the Award. The Company and its Affiliates do not commit and are under no obligation to structure the Award to reduce or eliminate Grantee’s tax liability. As a condition precedent to the payment to the Grantee of the bonus upon any settlement of the Award, the Grantee shall satisfy the Required Tax Payments by the Company withholding from the payments otherwise owed to Grantee under this Award, an amount equal to the Required Tax Payments.
- 4. Assignment.** Grantee’s interest in this Award may not be assigned or alienated, whether voluntarily or involuntarily.
- 5. Clawback Provision.** Notwithstanding any other provision in this Agreement to the contrary, Grantee and this Award shall be subject to the Company’s Compensation Clawback Policy or other clawback policy adopted by the Company, each as may be amended from time to time (the “Clawback Policy”). The provisions of this Section 5 are in addition to and not in lieu of any other remedies available to the Company in the event Grantee violates the Policies (as defined herein below), or any laws or regulations.
- 6. Amendments.** The Company may amend the provisions of this Agreement at any time; provided that, an amendment that would adversely affect the Grantee’s rights under this Agreement in a material manner shall be subject to the written consent of the Grantee.
- 7. Change of Control of the Company.** In the event of a Change of Control prior to the end of the Performance Period, the payment of the Award shall be determined as specified in Exhibit B.

8. [Non-Competition/]¹Non-Solicitation/Non-Disclosure

[(a) Non-Competition. Grantee acknowledges and recognizes the highly competitive nature of the business of the Company and the unique access to the Company's confidential business, personnel, and customer and patient information that Grantee receives solely as a result of Grantee's employment with the Company, and accordingly agrees that while Grantee is an Employee, and for the 12 month period following termination of such relationship for any reason (whether voluntary or involuntary) (the "Restricted Period"), Grantee shall not, as an employee, independent contractor, consultant, or in any other capacity, prepare to provide or provide any of the same or similar services that Grantee performed during his/her/their employment with or service to the Company for any other individual, partnership, limited liability company, corporation, independent practice association, management services organization, or any other entity (collectively, "Person") anywhere in the United States that competes in any way with the area of business of the Company, or any of its subsidiaries or affiliates, in which Grantee worked and/or performed services. For purposes of the above, preparing to provide any of the same or similar services includes, but is not limited to, planning with any Person on how best to compete with the Company or any of its subsidiaries or affiliates, or discussing the Company's, or any of its subsidiaries' or affiliates' business plans or strategies with any Person.

Grantee further agrees that during the Restricted Period, Grantee shall not own, manage, control, operate, invest in, acquire an interest in, or otherwise engage in, act for, or act on behalf of any Person (other than the Company and its subsidiaries and affiliates) engaged in any activity that Grantee was responsible for during Grantee's employment with or engagement by the Company where such activity is competitive with the activities carried on by the Company or any of its subsidiaries or affiliates.

Grantee acknowledges that during the Restricted Period, Grantee may be exposed to confidential information and/or trade secrets relating to business areas of the Company or any of its subsidiaries or affiliates that are different from and in addition to the areas in which Grantee primarily works for the Company (the "Additional Protected Areas of Business"). As a result, Grantee agrees he/she/they shall not own, manage, control, operate, invest in, acquire an interest in, or otherwise act for, act on behalf, or provide the same or similar services to, any Person that engages in the Additional Protected Areas of Business.

Notwithstanding the foregoing, nothing in this Section 8(a) prohibits Grantee from passively owning not in excess of 2% in the aggregate of any company's stock or other ownership interests that are publicly traded on any national or regional stock exchange.

Grantee acknowledges and agrees that the geographical limitations and duration of this covenant not to compete are reasonable and appropriate, it being understood that the business of the Company can be, and is, practiced throughout the United States, and that the restrictions set forth herein will not impose any undue hardship on Grantee.

To the extent that the provisions of this Section 8(a) conflict with any other agreement signed by Grantee relating to non-competition, the provisions that are most protective of the Company's, and any of its subsidiaries' or affiliates', interests shall govern.

This Section 8(a) (Non-competition) and the rights and obligations of Company hereunder may be assigned by Company and shall inure to the benefit of and shall be enforceable by any such assignee, as well as any of Company's successors in interest. This Section 8(a) (Non-competition) and the rights and obligations of Grantee hereunder may not be assigned by Grantee, but are binding upon Grantee's heirs, administrators, executors, and personal representatives.]

(b) Non-Solicitation. Grantee agrees that during the term of his/her/their employment and/or service to the Company or any of its subsidiaries or affiliates and for the one-year period following the termination of his/her/their employment and/or service for any reason (whether voluntary or involuntary), Grantee shall not (i) solicit any of the Company's, or any of its subsidiaries' or affiliates', employees with whom Grantee worked on more than a de minimis basis or whom Grantee directly or indirectly supervised while with the Company to work for any Person; (ii) hire any of the Company's, or any of its

¹ To be included based on teammate jurisdiction.

subsidiaries' or affiliates', employees with whom Grantee worked on more than a de minimis basis or whom Grantee directly or indirectly supervised while with the Company to work (as an employee or an independent contractor) for any Person; (iii) take any action that may reasonably result in any of the Company's, or any of its subsidiaries' or affiliates', employees with whom Grantee worked on more than a de minimis basis or whom Grantee directly or indirectly supervised while with the Company going to work (as an employee or an independent contractor) for any Person; (iv) induce any patient or customer of the Company, or any of its subsidiaries or affiliates, either individually or collectively, to patronize any competing business; (v) request or advise any patient, customer, or supplier of the Company, or any of its subsidiaries or affiliates, to withdraw, curtail, or cancel such person's business with the Company, or any of its subsidiaries or affiliates; (vi) enter into any contract the purpose or result of which would benefit Grantee if any patient or customer of the Company, or any of its subsidiaries or affiliates, were to withdraw, curtail, or cancel such person's business with the Company, or any of its subsidiaries or affiliates; (vii) solicit, induce, or encourage any physician (or former physician) affiliated with the Company, or any of its subsidiaries or affiliates, or induce or encourage any other person under contract with the Company, or any of its subsidiaries or affiliates, to curtail or terminate such person's affiliation or contractual relationship with the Company, or any of its subsidiaries or affiliates; or (viii) disclose to any Person the names or addresses of any patient or customer of the Company, or any of its subsidiaries or affiliates.

(c) Non-Disclosure. In addition, Grantee agrees not to disclose or use for his/her/their own benefit or purposes or for the benefit or purposes of any Person other than the Company and any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development, programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, financing methods, plans, or the business and affairs of the Company or any of its subsidiaries or affiliates ("Information"); provided, however, the foregoing shall not apply to (i) Information which is not unique to the Company or any of its subsidiaries or affiliates; (ii) Information which is generally known to the industry or the public other than as a result of Grantee's breach of this covenant; or (iii) disclosure that is required by any applicable law, rule or regulation. If Grantee receives such a request to produce Information in his/her/their possession, Grantee shall provide the Company reasonable advance notice, in writing, prior to producing said Information, so as to give the Company reasonable time to object to Grantee producing said Information. Grantee also agrees that Grantee will not become employed by or enter into service with any Person other than the Company and any of its subsidiaries or affiliates in which Grantee will be obligated to disclose or use any Information, or where such disclosure would be inevitable because of the nature of the position. Grantee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (1) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under 18 U.S.C. § 1833.

(d) Non-Contravention. Nothing in this Agreement (including with respect to Confidential Information, Trade Secrets, and other obligations) is intended to be or will be construed to prevent, impede, or interfere with Grantee's right to respond accurately and fully to any question, inquiry, or request for information regarding Grantee's employment with the Company when required by legal process by a Federal, State or other legal authority, or from initiating communications directly with, or responding to any inquiry from, or providing truthful testimony and information to, any Federal, State, or other regulatory authority in the course of an investigation or proceeding authorized by law and carried out by such agency. Grantee is not required to contact the Company regarding the subject matter of any such communications before Grantee engages in such communications. In addition, nothing in this Agreement is intended to restrict Grantee's legally protected right to discuss wages, hours or other working conditions with co-workers or in any way limit Grantee's rights under the National Labor Relations Act or any whistleblower law.

(e) Remedies. Grantee agrees that any breach of Section [8(a),] 8(b), or 8(c) will result in immediate and irreparable harm to the Company and its affiliates for which damages alone are an inadequate remedy and cannot readily be calculated. Accordingly, the Grantee agrees that the Company and its affiliates shall be entitled to temporary, preliminary and permanent injunctive relief to prevent any

such actual or threatened breach, without posting a bond or other security or limiting other available remedies.

(f) Termination of Agreement. This Agreement and the Award shall terminate effective on the date on which Grantee enters into any activity in breach of Section [8(a),] 8(b), or 8(c), or if at any time during Grantee's employment with the Company or any of its subsidiaries or affiliates or within one (1) year after the termination of such employment for any reason (whether voluntary or involuntary), Grantee (i) is convicted of a felony; (ii) has been adjudicated by a court of competent jurisdiction of having committed an act of fraud or dishonesty resulting or intending to result directly or indirectly in personal enrichment at the expense of the Company or any of its subsidiaries or affiliates; or (iii) is excluded from participating in any federal health care program. In any of the aforementioned cases, in addition to injunctive relief as forth above, the Company may seek an order requiring Grantee to repay the Company any value, gain or other consideration received or realized by Grantee as a result of this Award. In the event of any conflict between the language of this Section 8(f), on the one hand, and the language of Section 5 of this Award or of the Clawback Policy, on the other hand, the language of Section 5 of this Award and of the Clawback Policy shall be controlling. The provisions of this Section 8(f) are in addition to and not in lieu of any other remedies available to the Company in the event Grantee violates the Policies (as defined herein below), or any laws or regulations.

9. Section 409A of the Code. This Agreement and the Award are intended to meet the requirements of or be exempt from Section 409A of the Code, as applicable, and shall be interpreted and construed consistent with that intent and each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. Notwithstanding any other provisions of this Agreement, to the extent that the right to any payment to Grantee hereunder provides for non-qualified deferred compensation within the meaning of Section 409A(d)(1) of the Code that is subject to Section 409A of the Code, the payment shall be made in accordance with the following:

If Grantee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of Grantee's "separation from service" within the meaning of Section 409A(a)(2)(A)(i) of the Code (the "Separation Date"), then no such payment shall be made during the period beginning on the Separation Date and ending on the date that is six months following the Separation Date or, if earlier, on the date of Grantee's death, if the earlier making of such payment would result in tax penalties being imposed on Grantee under Section 409A of the Code. The amount of any payment that would otherwise be made during this period shall instead be made on the first business day following the date that is six months following the Separation Date or, if earlier, the date of Grantee's death. If the Grantee is subject to an employment or other agreement that specifies a time and form of payment that differs from the time and form of payment set forth in Exhibit B, then this Award shall be paid in accordance with such employment or other agreement to the extent required to comply with Section 409A of the Code in a manner permissible under the Plan.

10. Compliance with Policies. It is understood and agreed upon that at all times Grantee will act in full compliance with the Company's policies and procedures as may be in effect from time to time, including without limitation, the Company's Code of Conduct, Joint Venture Arrangements Policy, Medical Director Agreements Compliance Handbook, Acceptance of Gifts Policy and/or credentialing process (collectively, the "Policies"). If Grantee's conduct, whether related to the Award granted under this Agreement or otherwise, materially violates the requirements of the Policies, as determined by the Committee (with respect to a Grantee that is an "officer" under Section 16 of the Exchange Act) or the Company's Chief Executive Officer, Chief Compliance Officer or Chief Legal Officer (with respect to a Grantee that is not an "officer" under Section 16 of the Exchange Act), then the Grantee will forfeit any unvested portion of the Award granted under this Agreement and be subject to immediate disciplinary action, up to and including termination. The provisions of this Section 10 are in addition to and not in lieu of any other remedies available to the Company in the event Grantee violates the Policies or any laws or regulations. If at any time Grantee has questions or concerns about the provisions in this Section 10, or suspects any improper conduct related to the Policies, Grantee should immediately contact his/her/their supervisor or Team Quest. Grantee also may anonymously and confidentially call the Company's Compliance Hotline.

11. Compliance with Law. If any provision of this Agreement is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by

applicable law, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law. Furthermore, if any provision of this Agreement is determined to be illegal under any applicable law, such provision shall be null and void to the extent necessary to comply with applicable law, but the other provisions of this Agreement shall remain in full force and effect.

12. Interpretation of Award.

- (a) This Award is granted under the provisions of the Plan and shall be interpreted in a manner consistent with it.
- (b) Any provision in this Award inconsistent with the Plan shall be superseded and governed by the Plan.
- (c) For all purposes under this Award, employment by the Company shall include employment by the Company or any Affiliate thereof.
- (d) This Award shall be subject to the terms of any written employment agreement between the Grantee and the Company or any Affiliate thereof to the extent permissible under the Plan.

13. Electronic Delivery and Execution. The Company may, in its sole discretion, decide to deliver any documents related to this Award or future awards made under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

DaVita Inc.
Performance Cash Award Agreement
Exhibit B – Performance and Vesting Conditions

The amount payable under this Agreement will be determined by the Committee (or its delegate) based on the level of performance achieved on the Performance Goal, as specified below. Except as set forth in this Exhibit B or the terms of any written employment agreement between the Grantee and the Company or an Affiliate thereof in effect on the Grant Date, the payment of the Award shall be contingent on Grantee's continued employment by the Company through the payment date of the Award (which, for the avoidance of doubt, shall be the date on which the Award is earned); provided, however, the Committee retains discretion to pay some or all of the Award notwithstanding the Grantee's termination of employment in the event of the Grantee's death or termination of employment due to Disability.

For purposes of this Award, "Disability" means that the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, determined in accordance with Section 409A of the Code.

In the event of a Change of Control of the Company, the Award shall survive and shall be expressly assumed by the acquiror or surviving entity in the Change of Control.

[Performance Conditions Intentionally Omitted]

SUBSIDIARIES OF THE COMPANY

as of December 31, 2022

| Name | Jurisdiction of Organization |
|------------------------------------|------------------------------|
| Aberdeen Dialysis, LLC | Delaware |
| Accountable Kidney Care, LLC | Delaware |
| Adair Dialysis, LLC | Delaware |
| Afton Dialysis, LLC | Delaware |
| Ahern Dialysis, LLC | Delaware |
| Alenes Dialysis, LLC | Delaware |
| Alomie Dialysis, LLC | Delaware |
| Alterra Dialysis, LLC | Delaware |
| American Fork Dialysis, LLC | Delaware |
| American Medical Insurance, Inc. | Arizona |
| Amity Dialysis, LLC | Delaware |
| Animas Dialysis, LLC | Delaware |
| Arcadia Gardens Dialysis, LLC | Delaware |
| Arrowhead Dialysis, LLC | Delaware |
| Artesia Dialysis, LLC | Delaware |
| Ashdow Dialysis, LLC | Delaware |
| Atchison Dialysis, LLC | Delaware |
| Attell Dialysis, LLC | Delaware |
| Austin Dialysis Centers, L.P. | Delaware |
| Bainbridge Dialysis, LLC | Delaware |
| Bannon Dialysis, LLC | Delaware |
| Barnell Dialysis, LLC | Delaware |
| Barton Dialysis, LLC | Delaware |
| Basin Dialysis, LLC | Delaware |
| Bastrop Dialysis, LLC | Delaware |
| Beacon Dialysis, LLC | Delaware |
| Beck Dialysis, LLC | Delaware |
| Bedell Dialysis, LLC | Delaware |
| Bellevue Dialysis, LLC | Delaware |
| Beverly Dialysis, LLC | Delaware |
| Beverly Hills Dialysis Partnership | California |
| Birch Dialysis, LLC | Ohio |
| Bladon Dialysis, LLC | Delaware |
| Blanco Dialysis, LLC | Delaware |
| Bliss Dialysis, LLC | Delaware |
| Bluegrass Dialysis, LLC | Delaware |
| Bohama Dialysis, LLC | Delaware |
| Bothwell Dialysis, LLC | Delaware |
| Bottle Dialysis, LLC | Delaware |
| Bowan Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|--|-------------------------------------|
| Brache Dialysis, LLC | Delaware |
| Braddock Dialysis, LLC | Delaware |
| Braden Dialysis, LLC | Delaware |
| Branbur Dialysis, LLC | Delaware |
| Bretton Dialysis, LLC | Delaware |
| Bridges Dialysis, LLC | Delaware |
| Brimfield Dialysis, LLC | Delaware |
| Brook Dialysis, LLC | Delaware |
| Brooksprings Dialysis, LLC | Delaware |
| Brownsville Kidney Center, Ltd. | Texas |
| Brownwood Dialysis, LLC | Delaware |
| Bruno Dialysis, LLC | Delaware |
| Buckhorn Dialysis, LLC | Delaware |
| Buford Dialysis, LLC | Delaware |
| Bullards Dialysis, LLC | Delaware |
| Bullock Dialysis, LLC | Delaware |
| Burman Dialysis, LLC | Delaware |
| Burrill Dialysis, LLC | Delaware |
| Butano Dialysis, LLC | Delaware |
| Cagles Dialysis, LLC | Delaware |
| Calante Dialysis, LLC | Delaware |
| Camino Dialysis, LLC | Delaware |
| Campton Dialysis, LLC | Delaware |
| Canyon Dialysis, LLC | Delaware |
| Canyon Springs Dialysis, LLC | Delaware |
| Capano Dialysis, LLC | Delaware |
| Capes Dialysis, LLC | Delaware |
| Capital Dialysis Partnership | California |
| Capron Dialysis, LLC | Delaware |
| Carlton Dialysis, LLC | U.S. Virgin Islands |
| Carroll County Dialysis Facility Limited Partnership | Maryland |
| Carroll County Dialysis Facility, Inc. | Maryland |
| Cascades Dialysis, LLC | Delaware |
| Caverns Dialysis, LLC | Delaware |
| Cedar Dialysis, LLC | Delaware |
| Centennial LV, LLC | Delaware |
| Central Carolina Dialysis Centers, LLC | Delaware |
| Central Georgia Dialysis, LLC | Delaware |
| Central Iowa Dialysis Partners, LLC | Delaware |
| Central Kentucky Dialysis Centers, LLC | Delaware |
| Chaffee Dialysis, LLC | Delaware |
| Channel Dialysis, LLC | Delaware |
| Chantry Dialysis, LLC | Delaware |
| Cheraw Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|--|------------------------------|
| Chipeta Dialysis, LLC | Delaware |
| Chouteau Dialysis, LLC | Delaware |
| Churchill Dialysis, LLC | Delaware |
| Cinco Rios Dialysis, LLC | Delaware |
| Clark Dialysis, LLC | Delaware |
| Claymount Dialysis, LLC | Delaware |
| Clayton Dialysis, LLC | Delaware |
| Clinica Central do Bonfim S.A. | Portugal |
| Clinton Township Dialysis, LLC | Delaware |
| Clover Dialysis, LLC | Delaware |
| Clyfee Dialysis, LLC | Delaware |
| Cobbles Dialysis, LLC | Delaware |
| Collier Dialysis, LLC | Delaware |
| Columbus-RNA-DaVita, LLC | Delaware |
| Commerce Township Dialysis Center, LLC | Delaware |
| Conconully Dialysis, LLC | Delaware |
| Conecuh Dialysis, LLC | Delaware |
| Continental Dialysis Centers, Inc. | Virginia |
| Coral Dialysis, LLC | Delaware |
| Couer Dialysis, LLC | Delaware |
| Court Dialysis, LLC | Delaware |
| Cowell Dialysis, LLC | Delaware |
| Cowesett Dialysis, LLC | Delaware |
| Craville Dialysis, LLC | Delaware |
| Crossings Dialysis, LLC | Delaware |
| Crystals Dialysis, LLC | Delaware |
| Cuivre Dialysis, LLC | Delaware |
| Culbert Dialysis, LLC | Delaware |
| Curecanti Dialysis, LLC | Delaware |
| Curlew Dialysis, LLC | Delaware |
| Dale Dialysis, LLC | Delaware |
| Dallas-Fort Worth Nephrology, L.P. | Delaware |
| Damon Dialysis, LLC | Delaware |
| Daroga Dialysis, LLC | Delaware |
| DaVita - Riverside II, LLC | Delaware |
| DaVita - Riverside, LLC | Delaware |
| DaVita - West, LLC | Delaware |
| DaVita & Dignity Health Dialysis, LLC | Delaware |
| DaVita (UK) Limited | United Kingdom |
| DaVita (UK) Trading Limited | United Kingdom |
| DaVita Águas Claras Serviços de Nefrologia Ltda. | Brazil |
| DaVita APAC Holding B.V. | Netherlands |
| DaVita Brasil Participações e Serviços de Nefrologia Ltda. | Brazil |
| DaVita Care (Saudi Arabia) | Saudi Arabia |

Name - Continued**Jurisdiction of Organization**

| | |
|---|----------------|
| DaVita Ceilândia Serviços de Nefrologia Ltda. | Brazil |
| DaVita Dakota Dialysis Center, LLC | Delaware |
| DaVita Deutschland AG | Germany |
| DaVita EL Paso East, L.P. | Delaware |
| DaVita Germany GmbH | Germany |
| DaVita HealthCare Brasil Serviços Médicos Ltda. | Brazil |
| DaVita International Limited | United Kingdom |
| DaVita Kidney Care Contracting, LLC | Delaware |
| DaVita Natal Serviços de Nefrologia Ltda. | Brazil |
| DaVita Nefromed Serviços de Nefrologia Ltda. | Brazil |
| DaVita Nephron Care Serviços de Nefrologia Ltda. | Brazil |
| DaVita of New York, Inc. | New York |
| DaVita Rien Serviços de Nefrologia Ltda. | Brazil |
| DaVita S.A.S. | Colombia |
| DaVita Serviços de Nefrologia Asa Sul Ltda. | Brazil |
| DaVita Serviços de Nefrologia Bueno Ltda. | Brazil |
| DaVita Serviços de Nefrologia Cambuí Ltda. | Brazil |
| DaVita Serviços de Nefrologia Campinas Ltda. | Brazil |
| DaVita Serviços de Nefrologia Campo Grande Ltda. | Brazil |
| DaVita Serviços de Nefrologia de Araraquara Ltda. | Brazil |
| DaVita Serviços de Nefrologia Franca Ltda. | Brazil |
| DaVita Serviços de Nefrologia Goiânia Ltda. | Brazil |
| DaVita Serviços de Nefrologia Guarulhos Ltda. | Brazil |
| DaVita Serviços de Nefrologia Itaboraí Ltda. | Brazil |
| DaVita Serviços de Nefrologia Lagoa Nova Ltda. | Brazil |
| DaVita Serviços de Nefrologia Marco Ltda. | Brazil |
| DaVita Serviços de Nefrologia Pacini Ltda. | Brazil |
| DaVita Serviços de Nefrologia Santos Dumont Ltda. | Brazil |
| DaVita Serviços de Nefrologia Serra Ltda. | Brazil |
| DaVita Serviços de Nefrologia Sumaré Ltda. | Brazil |
| DaVita Serviços de Nefrologia Taubaté Ltda. | Brazil |
| DaVita Serviços de Nefrologia Valinhos Ltda. | Brazil |
| DaVita Serviços de Nefrologia Vila Aricanduva Ltda. | Brazil |
| DaVita Serviços Nefrologia Madalena Ltda. | Brazil |
| DaVita Sp. z o.o. | Poland |
| DaVita Sud-Niedersachsen GmbH | Germany |
| DaVita Transrim Serviços de Nefrologia Ltda. | Brazil |
| DaVita Tratamento Renal Participações Ltda. | Brazil |
| DaVita UK Holding Limited | United Kingdom |
| DaVita UTR Serviços de Nefrologia Ltda. | Brazil |
| DaVita Value-Based Enterprise, LLC | Delaware |
| DaVita VillageHealth, Inc. | Delaware |
| Dawson Dialysis, LLC | Delaware |
| DC Healthcare International, Inc. | Delaware |

| Name - Continued | Jurisdiction of Organization |
|--|------------------------------|
| Deowee Dialysis, LLC | Delaware |
| Dialysis Holdings, Inc. | Delaware |
| Dialysis of Des Moines, LLC | Delaware |
| Dialysis of Northern Illinois, LLC | Delaware |
| Dialysis Specialists of Dallas, Inc. | Texas |
| Dierks Dialysis, LLC | Delaware |
| Dighton Dialysis, LLC | Delaware |
| DNP Management Company, LLC | Delaware |
| Dolores Dialysis, LLC | Delaware |
| Dome Dialysis, LLC | Delaware |
| Doves Dialysis, LLC | Delaware |
| DPS CKD, LLC | Delaware |
| Dresher Dialysis, LLC | Delaware |
| Dunes Dialysis, LLC | Delaware |
| Dunkins Dialysis, LLC | Delaware |
| Durango Dialysis Center, LLC | Delaware |
| DV Care Netherlands B.V. | Netherlands |
| DV Care Netherlands C.V. | Netherlands |
| DVA Healthcare - Southwest Ohio, LLC | Tennessee |
| DVA Healthcare of Maryland, LLC | Maryland |
| DVA Healthcare of Massachusetts, Inc. | Massachusetts |
| DVA Healthcare of New London, LLC | Tennessee |
| DVA Healthcare of Norwich, LLC | Tennessee |
| DVA Healthcare of Pennsylvania, LLC | Pennsylvania |
| DVA Healthcare of Tuscaloosa, LLC | Tennessee |
| DVA Healthcare Renal Care, Inc. | Nevada |
| DVA Holdings Pte. Ltd. | Singapore |
| DVA Laboratory Services, Inc. | Florida |
| DVA of New York, Inc. | New York |
| DVA Renal Healthcare, Inc. | Tennessee |
| Dworsher Dialysis, LLC | Delaware |
| East End Dialysis Center, Inc. | Virginia |
| East Ft. Lauderdale, LLC | Delaware |
| Eavers Dialysis, LLC | Delaware |
| Ebrea Dialysis, LLC | Delaware |
| Edisto Dialysis, LLC | Delaware |
| Eldrist Dialysis, LLC | Delaware |
| Elk Grove Dialysis Center, LLC | Delaware |
| Empire State DC, Inc. | New York |
| Etowah Dialysis, LLC | Delaware |
| Ettleton Dialysis, LLC | Delaware |
| Eufaula Dialysis, LLC | Delaware |
| EURODIAL - Centro de Nefrologia e Dialise de Leiria S.A. | Portugal |
| Fairfield Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|---|------------------------------|
| Falcon, LLC | Delaware |
| Fanthorp Dialysis, LLC | Delaware |
| Federal Way Assurance, Inc. | Colorado |
| Ferne Dialysis, LLC | Delaware |
| Fields Dialysis, LLC | Delaware |
| Five Star Dialysis, LLC | Delaware |
| Flamingo Park Kidney Center, Inc. | Florida |
| Forester Dialysis, LLC | Delaware |
| Freehold Artificial Kidney Center, L.L.C. | New Jersey |
| Freeportbay Dialysis, LLC | Delaware |
| Fremont Dialysis, LLC | Delaware |
| Frierton Dialysis, LLC | Delaware |
| Frontier Dialysis, LLC | Delaware |
| Fullerton Dialysis Center, LLC | Delaware |
| Ganchis Dialysis, LLC | Delaware |
| Ganois Dialysis, LLC | Delaware |
| Gansett Dialysis, LLC | Delaware |
| Garner Dialysis, LLC | Delaware |
| Garrett Dialysis, LLC | Delaware |
| Gate Dialysis, LLC | Delaware |
| Gaviota Dialysis, LLC | Delaware |
| GDC International, LLC | Delaware |
| Gebhard Dialysis, LLC | Delaware |
| Genesis KC Development, LLC | Delaware |
| Geyser Dialysis, LLC | Delaware |
| Gilwards Dialysis, LLC | Delaware |
| GiveLife Dialysis, LLC | Delaware |
| Glassland Dialysis, LLC | Delaware |
| Glosser Dialysis, LLC | Delaware |
| Golden Dialysis, LLC | Delaware |
| Goldendale Dialysis, LLC | Delaware |
| Goliad Dialysis, LLC | Delaware |
| Gouache Dialysis, LLC | Delaware |
| Gramleer Dialysis, LLC | Delaware |
| Grand Home Dialysis, LLC | Delaware |
| Great Dialysis, LLC | Delaware |
| Greater Las Vegas Dialysis, LLC | Delaware |
| Greater Los Angeles Dialysis Centers, LLC | Delaware |
| Green Country Dialysis, LLC | Delaware |
| Green Desert Dialysis, LLC | Delaware |
| Greylock Dialysis, LLC | Delaware |
| Griffin Dialysis, LLC | Delaware |
| Groten Dialysis, LLC | Delaware |
| Gulch Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|---|------------------------------|
| Harmony Dialysis, LLC | Delaware |
| Hart Dialysis, LLC | Delaware |
| Haskell Dialysis, LLC | Delaware |
| Hawn Dialysis, LLC | Delaware |
| Hazelton Dialysis, LLC | Delaware |
| Hegan Dialysis, LLC | Delaware |
| Helmer Dialysis, LLC | Delaware |
| Hewett Dialysis, LLC | Delaware |
| Heyburn Dialysis, LLC | Delaware |
| Hightower Dialysis, LLC | Delaware |
| Hilgards Dialysis, LLC | Delaware |
| Holten Dialysis, LLC | Delaware |
| Honeyman Dialysis, LLC | Delaware |
| Houston Kidney Center/Total Renal Care Integrated Service Network Limited Partnership | Delaware |
| Humboldt Dialysis, LLC | Delaware |
| Hummer Dialysis, LLC | Delaware |
| Hunter Dialysis, LLC | Delaware |
| Huntington Artificial Kidney Center, Ltd. | New York |
| Huntington Park Dialysis, LLC | Delaware |
| Hyattsville Dialysis, LLC | Delaware |
| Hyde Dialysis, LLC | Delaware |
| IDC -International Dialysis Centers, Lda | Portugal |
| IDC Mafra - International Dialysis Centers, LDA | Portugal |
| Integrated Kidney Care Of Camden, LLC | Delaware |
| Integrated Kidney Care Of Central California, LLC | Delaware |
| Integrated Kidney Care Of Central Texas, LLC | Delaware |
| Integrated Kidney Care Of Central Valley, LLC | Delaware |
| Integrated Kidney Care Of Colorado, LLC | Delaware |
| Integrated Kidney Care Of Florida, LLC | Delaware |
| Integrated Kidney Care Of Georgia, LLC | Delaware |
| Integrated Kidney Care Of Great Plains, LLC | Delaware |
| Integrated Kidney Care Of Inland Empire California, LLC | Delaware |
| Integrated Kidney Care of Iowa, LLC | Delaware |
| Integrated Kidney Care Of Kentucky And Indiana, LLC | Delaware |
| Integrated Kidney Care Of Lake Erie, LLC | Delaware |
| Integrated Kidney Care Of Las Vegas, LLC | Delaware |
| Integrated Kidney Care Of Long Island, LLC | Delaware |
| Integrated Kidney Care Of Maryland, LLC | Delaware |
| Integrated Kidney Care Of Michigan, LLC | Delaware |
| Integrated Kidney Care Of Mid-Atlantic, LLC | Delaware |
| Integrated Kidney Care Of Minnesota, LLC | Delaware |
| Integrated Kidney Care Of Missouri, LLC | Delaware |
| Integrated Kidney Care Of Nevada, LLC | Delaware |
| Integrated Kidney Care Of New Jersey And Pennsylvania, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|--|------------------------------|
| Integrated Kidney Care Of Northern California, LLC | Delaware |
| Integrated Kidney Care Of Ohio, LLC | Delaware |
| Integrated Kidney Care Of Pennsylvania And Ohio, LLC | Delaware |
| Integrated Kidney Care Of South Florida, LLC | Delaware |
| Integrated Kidney Care Of South Texas, LLC | Delaware |
| Integrated Kidney Care Of Southern California, LLC | Delaware |
| Integrated Kidney Care Of Texas And Oklahoma, LLC | Delaware |
| Integrated Kidney Care Of The Midwest, LLC | Delaware |
| Integrated Kidney Care Of The Northeast, LLC | Delaware |
| Integrated Kidney Care Of The Pacific Northwest, LLC | Delaware |
| Integrated Kidney Care Of The South, LLC | Delaware |
| Integrated Kidney Care Of The West, LLC | Delaware |
| Integrated Kidney Care Of Virginia, LLC | Delaware |
| Iroquois Dialysis, LLC | Delaware |
| ISD Corpus Christi, LLC | Delaware |
| ISD I Holding Company, Inc. | Delaware |
| ISD II Holding Company, Inc. | Delaware |
| ISD Kendallville, LLC | Delaware |
| ISD Las Vegas, LLC | Delaware |
| ISD Lees Summit, LLC | Delaware |
| ISD Renal, Inc. | Delaware |
| ISD Schaumburg, LLC | Delaware |
| ISD Spring Valley, LLC | Delaware |
| ISD Summit Renal Care, LLC | Ohio |
| Jacinto Dialysis, LLC | Delaware |
| Jenness Dialysis, LLC | Delaware |
| Jericho Dialysis, LLC | Delaware |
| Kadden Dialysis, LLC | Delaware |
| Kamiah Dialysis, LLC | Delaware |
| Kavett Dialysis, LLC | Delaware |
| Kearn Dialysis, LLC | Delaware |
| Kenai Dialysis, LLC | Delaware |
| Kershaw Dialysis, LLC | Delaware |
| Kidney HOME Center, LLC | Delaware |
| Kimball Dialysis, LLC | Delaware |
| Kingston Dialysis, LLC | Delaware |
| Kinnick Dialysis, LLC | Delaware |
| Kinter Dialysis, LLC | Delaware |
| Kittery Dialysis, LLC | Delaware |
| Knickerbocker Dialysis, Inc. | New York |
| Knotts Dialysis, LLC | Delaware |
| Lakeshore Dialysis, LLC | Delaware |
| Landing Dialysis, LLC | Delaware |
| Landor Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|---------------------------------------|-------------------------------------|
| Lassen Dialysis, LLC | Delaware |
| Leasburg Dialysis, LLC | Delaware |
| Leawood Dialysis, LLC | Delaware |
| Lees Dialysis, LLC | Delaware |
| Legare Development LLC | Delaware |
| Liberty RC, Inc. | New York |
| Lighthouse Dialysis, LLC | Delaware |
| Limon Dialysis, LLC | Delaware |
| Lincoln Park Dialysis Services, Inc. | Illinois |
| Lincolnton Dialysis, LLC | Delaware |
| Little Rock Dialysis Centers, LLC | Delaware |
| Llano Dialysis, LLC | Delaware |
| Lockhart Dialysis, LLC | Delaware |
| Lofield Dialysis, LLC | Delaware |
| Logoley Dialysis, LLC | Delaware |
| Long Beach Dialysis Center, LLC | Delaware |
| Lord Baltimore Dialysis, LLC | Delaware |
| Lory Dialysis, LLC | Delaware |
| Loup Dialysis, LLC | Delaware |
| Lourdes Dialysis, LLC | Delaware |
| Lyndale Dialysis, LLC | Delaware |
| Madigan Dialysis, LLC | Delaware |
| Madison Dialysis, LLC | Delaware |
| Magney Dialysis, LLC | Delaware |
| Magnolia Dialysis, LLC | Delaware |
| Makonee Dialysis, LLC | Delaware |
| Mammoth Dialysis, LLC | Delaware |
| Maple Grove Dialysis, LLC | Delaware |
| Marseille Dialysis, LLC | Delaware |
| Martin Dialysis, LLC | Delaware |
| Marysville Dialysis Center, LLC | Delaware |
| Mashero Dialysis, LLC | Delaware |
| Mason-Dixon Dialysis Facilities, Inc. | Maryland |
| Matheson Dialysis, LLC | Delaware |
| Mautino Dialysis, LLC | Delaware |
| Mazonia Dialysis, LLC | Delaware |
| MedSleuth, Inc. | California |
| Memorial Dialysis Center, L.P. | Delaware |
| Mendocino Dialysis, LLC | Delaware |
| Meridian Dialysis, LLC | Delaware |
| Mermet Dialysis, LLC | Delaware |
| Milltown Dialysis, LLC | Delaware |
| Minam Dialysis, LLC | Delaware |
| Minneopa Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|---|------------------------------|
| Monad Dialysis, LLC | Delaware |
| Monett Dialysis, LLC | Delaware |
| Moraine Dialysis, LLC | Delaware |
| Morro Dialysis, LLC | Delaware |
| Mountain West Dialysis Services, LLC | Delaware |
| Mulgee Dialysis, LLC | Delaware |
| MVZ DaVita Alzey GmbH | Germany |
| MVZ DaVita Aurich GmbH | Germany |
| MVZ DaVita Bad Aibling GmbH | Germany |
| MVZ DaVita Bad Döben GmbH | Germany |
| MVZ DaVita Dillenburg GmbH | Germany |
| MVZ DaVita Dinkelsbühl GmbH | Germany |
| MVZ DaVita Dormagen GmbH | Germany |
| MVZ DaVita Duisburg GmbH | Germany |
| MVZ DaVita Elsterland GmbH | Germany |
| MVZ DaVita Emden GmbH | Germany |
| MVZ DaVita Geilenkirchen GmbH | Germany |
| MVZ DaVita Gera GmbH | Germany |
| MVZ DaVita Iserlohn GmbH | Germany |
| MVZ DaVita Mönchengladbach GmbH | Germany |
| MVZ DaVita Neuss GmbH | Germany |
| MVZ DaVita Nierenzentrum Aachen Alsdorf GmbH | Germany |
| MVZ DaVita Nierenzentrum Berlin-Britz GmbH | Germany |
| MVZ DaVita Nierenzentrum Hamm-Ahlen GmbH | Germany |
| MVZ DaVita Prenzlau-Pasewalk GmbH | Germany |
| MVZ DaVita Rhein-Ahr GmbH | Germany |
| MVZ DaVita Rhein-Ruhr GmbH | Germany |
| MVZ DaVita Schwalm-Eder GmbH | Germany |
| Myrtle Dialysis, LLC | Delaware |
| Nansen Dialysis, LLC | Delaware |
| Natomas Dialysis, LLC | Delaware |
| Nauvue Dialysis, LLC | Delaware |
| Navarro Dialysis, LLC | Delaware |
| Navin Dialysis, LLC | Delaware |
| NCA - Mid-Atlantic, LLC | Delaware |
| NCA-National, LLC | Delaware |
| NCA-SoCal, LLC | Delaware |
| Neoporte Dialysis, LLC | Delaware |
| Nephrology Care Alliance, LLC | Delaware |
| Nephrology Medical Associates of Georgia, LLC | Georgia |
| Nephrology Practice Solutions, LLC | Delaware |
| New Bay Dialysis, LLC | Delaware |
| Nicono Dialysis, LLC | Delaware |
| Norbert Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|---|------------------------------|
| Norte Dialysis, LLC | Delaware |
| Northeast Ohio Home Dialysis, LLC | Delaware |
| Noster Dialysis, LLC | Delaware |
| Odiorne Dialysis, LLC | Delaware |
| Ogano Dialysis, LLC | Delaware |
| Ohio River Dialysis, LLC | Delaware |
| Okanogan Dialysis, LLC | Delaware |
| Olive Dialysis, LLC | Delaware |
| Orange Dialysis, LLC | California |
| Ordust Dialysis, LLC | Delaware |
| Orion Dialysis, LLC | Delaware |
| Osage Dialysis, LLC | Delaware |
| Owens Dialysis, LLC | Delaware |
| Owyhee Dialysis, LLC | Delaware |
| Palmetto Dialysis, LLC | Delaware |
| Palo Dialysis, LLC | Delaware |
| Palomar Dialysis, LLC | Delaware |
| Panther Dialysis, LLC | Delaware |
| Parkside Dialysis, LLC | Delaware |
| Patient Pathways, LLC | Delaware |
| Patuk Dialysis, LLC | Delaware |
| Peaks Dialysis, LLC | Delaware |
| Pearl Dialysis, LLC | Delaware |
| Pendster Dialysis, LLC | Delaware |
| Percha Dialysis, LLC | Delaware |
| Pershing Dialysis, LLC | Delaware |
| Pfeiffer Dialysis, LLC | Delaware |
| Philadelphia-Camden Integrated Kidney Care, LLC | Delaware |
| Physicians Choice Dialysis Of Alabama, LLC | Delaware |
| Physicians Choice Dialysis, LLC | Delaware |
| Physicians Dialysis Acquisitions, Inc. | Delaware |
| Physicians Dialysis of Lancaster, LLC | Pennsylvania |
| Physicians Dialysis Ventures, LLC | Delaware |
| Physicians Management, LLC | Delaware |
| Pible Dialysis, LLC | Delaware |
| Pinewoods Dialysis, LLC | Delaware |
| Pittsburgh Dialysis Partners, LLC | Delaware |
| Placid Dialysis, LLC | Delaware |
| Plaine Dialysis, LLC | Delaware |
| Plattaz Dialysis, LLC | Delaware |
| Platte Dialysis, LLC | Delaware |
| Pluribus Dialise - Benfica, S.A. | Portugal |
| Pluribus Dialise - Cascais, S.A. | Portugal |
| Pluribus Dialise - Sacavem, S.A. | Portugal |

| Name - Continued | Jurisdiction of Organization |
|--|------------------------------|
| Pluribus Dialise, S.A. | Portugal |
| Pobello Dialysis, LLC | Delaware |
| Poinsett Dialysis, LLC | Delaware |
| Pokagon Dialysis, LLC | Delaware |
| Ponca Dialysis, LLC | Delaware |
| Portola Dialysis, LLC | Delaware |
| Prineville Dialysis, LLC | Delaware |
| Pruneau Dialysis, LLC | Delaware |
| Pyramid Dialysis, LLC | Delaware |
| Ramsey Dialysis, LLC | Delaware |
| Rancho Dialysis, LLC | Delaware |
| Randolph Dialysis, LLC | Delaware |
| Rayburn Dialysis, LLC | Delaware |
| Red Willow Dialysis, LLC | Delaware |
| Redcliff Dialysis, LLC | Delaware |
| Refuge Dialysis, LLC | Delaware |
| Renal Center of Flower Mound, LLC | Delaware |
| Renal Center of Fort Dodge, LLC | Delaware |
| Renal Center of Frisco, LLC | Delaware |
| Renal Center of Hamilton, LLC | Delaware |
| Renal Center of Lewisville, LLC | Delaware |
| Renal Center of Morristown, LLC | Delaware |
| Renal Center of Newton, LLC | Delaware |
| Renal Center of North Denton, L.L.L.P. | Delaware |
| Renal Center of Port Arthur, LLC | Delaware |
| Renal Center of Sewell, LLC | Delaware |
| Renal Center of Storm Lake, LLC | Delaware |
| Renal Center of the Hills, LLC | Delaware |
| Renal Center of Tyler, L.P.L.L.L.P. | Delaware |
| Renal Center of West Beaumont, LLC | Delaware |
| Renal Center of Westwood, LLC | Delaware |
| Renal Clinic of Houston, LLC | Delaware |
| Renal Life Link, Inc. | Delaware |
| Renal Treatment Centers - California, Inc. | Delaware |
| Renal Treatment Centers - Illinois, Inc. | Delaware |
| Renal Treatment Centers - Mid-Atlantic, Inc. | Delaware |
| Renal Treatment Centers - Northeast, Inc. | Delaware |
| Renal Treatment Centers - Southeast, LP | Delaware |
| Renal Treatment Centers - West, Inc. | Delaware |
| Renal Treatment Centers, Inc. | Delaware |
| Renal Ventures Management, LLC | Delaware |
| RenalServ LLC | Delaware |
| Rend Dialysis, LLC | Delaware |
| Revino Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|---------------------------------------|-------------------------------------|
| Rhodes Dialysis, LLC | Delaware |
| Rickwood Dialysis, LLC | Delaware |
| Riddle Dialysis, LLC | Delaware |
| Ringwood Dialysis, LLC | Delaware |
| Rio Dialysis, LLC | Delaware |
| River Valley Dialysis, LLC | Delaware |
| RNA - DaVita Dialysis, LLC | Delaware |
| Rocky Mountain Dialysis Services, LLC | Delaware |
| Rollins Dialysis, LLC | Delaware |
| Ronan Dialysis, LLC | Delaware |
| Roose Dialysis, LLC | Delaware |
| Rophets Dialysis, LLC | Delaware |
| Roushe Dialysis, LLC | Delaware |
| Routt Dialysis, LLC | Delaware |
| Royale Dialysis, LLC | Delaware |
| Rusk Dialysis, LLC | Delaware |
| Russell Dialysis, LLC | Delaware |
| Rutland Dialysis, LLC | Delaware |
| RV Academy, LLC | Delaware |
| Saddleback Dialysis, LLC | Delaware |
| Sahara Dialysis, LLC | Delaware |
| SAKDC-DaVita Dialysis Partners, L.P. | Delaware |
| San Marcos Dialysis, LLC | Delaware |
| Sands Dialysis, LLC | Delaware |
| Santa Fe Springs Dialysis, LLC | Delaware |
| Santiam Dialysis, LLC | Delaware |
| Sapelo Dialysis, LLC | Delaware |
| Saunders Dialysis, LLC | Delaware |
| Seabay Dialysis, LLC | Delaware |
| Secour Dialysis, LLC | Delaware |
| Sensiba Dialysis, LLC | Delaware |
| Shadow Dialysis, LLC | Delaware |
| Shawano Dialysis, LLC | Delaware |
| Shayano Dialysis, LLC | Delaware |
| Shelby Dialysis, LLC | Delaware |
| Shelling Dialysis, LLC | Delaware |
| Sherman Dialysis, LLC | Delaware |
| Shetek Dialysis, LLC | Delaware |
| Shining Star Dialysis, Inc. | New Jersey |
| Shoals Dialysis, LLC | Delaware |
| Siena Dialysis Center, LLC | Delaware |
| Simeon Dialysis, LLC | Delaware |
| Sinewa Dialysis, LLC | Delaware |
| Sloss Dialysis, LLC | Delaware |

| Name - Continued | Jurisdiction of Organization |
|--|-------------------------------------|
| Soledad Dialysis Center, LLC | Delaware |
| Somerville Dialysis Center, LLC | Delaware |
| South Central Florida Dialysis Partners, LLC | Delaware |
| South Florida Integrated Kidney Care, LLC | Delaware |
| South Fork Dialysis, LLC | Delaware |
| Southcrest Dialysis, LLC | Delaware |
| Southern Hills Dialysis Center, LLC | Delaware |
| Southlake Dialysis, LLC | Delaware |
| Southwest Atlanta Dialysis Centers, LLC | Delaware |
| Southwest Rocky Mountain Dialysis, LLC | Delaware |
| Sparks Dialysis, LLC | Delaware |
| Sprague Dialysis, LLC | Delaware |
| Springpond Dialysis, LLC | Delaware |
| Star Dialysis, LLC | Delaware |
| Steam Dialysis, LLC | Delaware |
| Stevenson Dialysis, LLC | Delaware |
| Stewart Dialysis, LLC | Delaware |
| Stines Dialysis, LLC | Delaware |
| Storrie Dialysis, LLC | Delaware |
| Sugarloaf Dialysis, LLC | Delaware |
| Sun City Dialysis Center, L.L.C. | Delaware |
| Sun City West Dialysis Center, LLC | Delaware |
| Sunapee Dialysis, LLC | Delaware |
| Sunset Dialysis, LLC | Delaware |
| Talimena Dialysis, LLC | Delaware |
| Targee Dialysis, LLC | Delaware |
| Tarley Dialysis, LLC | Delaware |
| Taylor Dialysis, LLC | Delaware |
| Tenack Dialysis, LLC | Delaware |
| Terbole Participações Societárias Ltda. | Brazil |
| Terre Dialysis, LLC | Delaware |
| The Woodlands Dialysis Center, LP | Delaware |
| Tolland Dialysis, LLC | Delaware |
| Tortugas Dialysis, LLC | Delaware |
| Total Renal Care Of North Carolina, LLC | Delaware |
| Total Renal Care Texas Limited Partnership | Delaware |
| Total Renal Care, Inc. | California |
| Total Renal Laboratories, Inc. | Florida |
| Total Renal Research, Inc. | Delaware |
| Toulouse Dialysis, LLC | Delaware |
| Townsend Dialysis, LLC | Delaware |
| Transmountain Dialysis, L.P. | Delaware |
| TRC - Indiana, LLC | Indiana |
| TRC - Petersburg, LLC | Delaware |

Name - Continued

Jurisdiction of Organization

| | |
|-----------------------------------|------------|
| Walker Dialysis, LLC | Delaware |
| Wallips Dialysis LLC | Delaware |
| Walteria Dialysis, LLC | Delaware |
| Washburne Dialysis, LLC | Delaware |
| Watkins Dialysis, LLC | Delaware |
| Wauseon Dialysis, LLC | Delaware |
| Wayside Dialysis, LLC | Delaware |
| Weldon Dialysis, LLC | California |
| West Elk Grove Dialysis, LLC | Delaware |
| West Sacramento Dialysis, LLC | Delaware |
| Weston Dialysis Center, LLC | Delaware |
| Whitney Dialysis, LLC | Delaware |
| Wilder Dialysis, LLC | Delaware |
| Willowbrook Dialysis Center, L.P. | Delaware |
| Winster Dialysis, LLC | Delaware |
| Woodcrest Dialysis, LLC | Delaware |
| Woodford Dialysis, LLC | Delaware |
| Wyandotte Central Dialysis, LLC | Delaware |
| Yards Dialysis, LLC | Delaware |
| Yargol Dialysis, LLC | Delaware |
| Yucaipa Dialysis, LLC | Delaware |
| Zara Dialysis, LLC | Delaware |
| Zellier Dialysis, LLC | Delaware |
| Zephyrhills Dialysis Center, LLC | Delaware |
| Zillmar Dialysis, LLC | Delaware |

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-240022, 333-239191, 333-213119, 333-190434, 333-169467, 333-158220, 333-144097, 333-86550, and 333-30736) on Form S-8 and the registration statement (No. 333-182572) on Form S-4 of our reports dated February 22, 2023, with respect to the consolidated financial statements and financial statement Schedule II - Valuation and Qualifying Accounts of DaVita Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Seattle, Washington
February 22, 2023

SECTION 302 CERTIFICATION

I, Javier J. Rodriguez, certify that:

1. I have reviewed this annual report on Form 10-K of DaVita Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JAVIER J. RODRIGUEZ

Javier J. Rodriguez
Chief Executive Officer

Date: February 22, 2023

SECTION 302 CERTIFICATION

I, Joel Ackerman, certify that:

1. I have reviewed this annual report on Form 10-K of DaVita Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joel Ackerman

Joel Ackerman
Chief Financial Officer and Treasurer

Date: February 22, 2023

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of DaVita Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Javier J. Rodriguez, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAVIER J. RODRIGUEZ

Javier J. Rodriguez
Chief Executive Officer

February 22, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of DaVita Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joel Ackerman, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joel Ackerman

Joel Ackerman
Chief Financial Officer and Treasurer
February 22, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

The project will be funded entirely with cash and cash equivalents. A copy of DaVita's 2022 10-K Statement evidencing sufficient internal resources to fund the is attached at Attachment – 33.

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached at Attachment – 36A is a letter from Stephanie N. Berberich, Assistant Corporate Secretary of DaVita Inc. attesting that the total estimated project costs will be funded entirely with cash.



Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents.

Further, the project involves the leasing of a facility. The expenses incurred with leasing the facility are less costly than constructing a new facility.

Sincerely,

Print Name: Stephanie N. Berberich
Its: Assistant Secretary, DaVita Inc.
Secretary, Total Renal Care, Inc.

Subscribed and sworn to me
This 13th day of September, 2022

Notary Public

Kathy Ann Connor
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID# 20064018112
MY COMMISSION EXPIRES 04/28/2025

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

This project will be funded in total with cash and cash equivalents. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(c), Reasonableness of Project and Related Costs

1. This project does not involve construction or modernization of a health care facility. Accordingly, this criterion is not applicable.
2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

| Table 1120.310(c) | | | |
|---|-------------------------|-----------------------|-----------------------------------|
| | Proposed Project | State Standard | Above/Below State Standard |
| Net Book Value of Equipment to be Transferred | \$28,667 | No State Standard | No State Standard |

Section XI, Charity Care Information

The table below provides charity care information for all dialysis facilities located in the State of Illinois that are owned or operated by the Applicants.

| CHARITY CARE | | | |
|----------------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2021 | 2022 |
| Net Patient Revenue | \$409,210,320 | \$414,744,253 | \$398,035,885 |
| Amount of Charity Care (charges) | \$2,635,936 | \$1,247,774 | \$1,151,514 |
| Cost of Charity Care | \$2,635,936 | \$1,247,774 | \$1,151,514 |

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

| INDEX OF ATTACHMENTS | | |
|-----------------------------|--|--------------|
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| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | 77 – 78 |
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