DaVita Announces ALJ Decision for Florida Laboratory

DaVita Inc. announced that the administrative law judge hearing the Company's Florida laboratory appeal has ruled that the sampling procedures and extrapolations used as the basis of the Medicare carrier's overpayment determinations related to the first two of six review periods are invalid.

The Medicare carrier, First Coast Service Options, Inc., previously determined that it had overpaid the laboratory approximately $20 million for the periods January 1995 through March 1998. As a result of the judge's decision, the carrier's overpayment determinations are invalidated. The Company will be pursuing the return of these monies from the carrier. However, at this time, the Company cannot determine what actions if any the carrier will take to appeal this ruling or to otherwise undertake a new review of these claims. Nor can we give assurances that the judge's decision will result in any cash payments to the Company. We do not know whether these events will have any impact on the remaining four review periods that have been appealed by the Company.

The underlying claims in the two samples that were used to support the overpayment extrapolations remain at issue. The judge has stated that she will continue the hearing in the third quarter of 2002 to consider the validity of these underlying claims, which total approximately $90,000.

DaVita is a leading provider of dialysis services for patients suffering from chronic kidney failure. The Company owns and operates kidney dialysis centers and home peritoneal dialysis programs domestically in 32 states, as well as Washington, D.C. As of March 31, 2002, DaVita operated 495 outpatient dialysis facilities serving over 43,000 patients, including 3,400 patients in 32 centers under management.

This release contains forward-looking statements. Factors which could impact future results include the uncertainties associated with governmental regulation, general economic and other market conditions, and the risk factors set forth in DaVita's SEC filings, including its Form 10-Q for the quarter ended March 31, 2002. The forward-looking statements should be considered in light of these risks and uncertainties. These risks include those relating to possible reductions in private and government reimbursement rates, the concentration of profits generated from PPO and private indemnity patients and from ancillary services including the administration of pharmaceuticals, the ongoing payment disputes and review of DaVita's Florida laboratory subsidiary by its Medicare carrier and the Department of Justice, the ongoing review by the U.S. Attorney's Office and U.S. Department of Health and Human Services Office of the Inspector General in Philadelphia and DaVita's ability to maintain contracts with physician medical directors.

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