DaVita Announces Development Concerning the Company's Florida Laboratory

DaVita Inc. announced that it received a letter today from First Coast Service Options, Inc., the Medicare carrier for the Company's Florida laboratory, informing the Company of a change in the laboratory's payment status effective as of today.

Medicare payments to the Florida laboratory have been suspended since May 1998. The letter from First Coast Service Options indicates that, from and after May 2, 2002, it will begin paying approved Medicare claims. The laboratory's Medicare claims will continue to be subject to the carrier's existing payment screens, under which the carrier has been denying a substantial majority of claims. Consequently, it is currently anticipated that the carrier's action will result in cash payments to the Company of approximately $1 million per quarter on an on-going basis. The Company currently intends to continue to appeal selected payment denials by the carrier, but no prediction can be made as to the outcome of any such appeals.

The carrier's action will not result in the release of any suspended payments for periods prior to May 2, 2002 and does not affect the status of the Company's pending challenges to the carrier's denials of previously submitted claims. Furthermore, the letter does not address the previously disclosed review by the Department of Justice of the Florida laboratory.

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 December 31, 2001, we operated 493 outpatient dialysis facilities serving over 42,000 patients, including 3,300 patients in 32 centers under management. We also provide acute hemodialysis services to inpatients at approximately 280 hospitals.

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-K for the year ended December 31, 2001. 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, payment disputes and review of DaVita's Florida laboratory subsidiary by its Medicare carrier and the Department of Justice, the ongoing review by the Civil Division of the US Attorney's Office for the Eastern District of Pennsylvania and DaVita's ability to maintain contracts with physician medical directors.

MAKE YOUR OPINION COUNT - Click Here
http://tbutton.prnewswire.com/prn/11690X41747319

SOURCE: DaVita Inc.

Contact: LeAnne Zumwalt of DaVita Inc., +1-310-750-2072

Website: http://www.davita.com/
