DaVita Provides Disclosures Regarding Charitable Premium Assistance

DENVER, Oct. 10, 2017 /PRNewswire/ -- DaVita Kidney Care, a division of DaVita Inc. (NYSE: DVA), a leading provider in kidney care services, today provided disclosures regarding charitable premium assistance.

Dialysis Patients and Charitable Premium Assistance
Dialysis patients across the US access charitable premium assistance in a government-designed system that has been in place for decades. The intentional support of the system includes the acceptance of provider funding in an explicit advisory opinion from the Centers for Medicare and Medicaid Services (CMS) Office of Inspector General (OIG).

Many of the beneficiaries of this assistance are unable to continue working full-time as a result of their severe condition. Charitable premium assistance enables these patients to afford continuity of health insurance coverage that they have had for years, at a time when they need it most. Assistance is based on financial need and available regardless of the type of insurance chosen by the patient, or the dialysis provider serving the patient. Across healthcare, charitable assistance is available to patients suffering from a variety of other high-cost, chronic diseases.

DaVita Patient Benefit
Currently less than 13% of DaVita's US dialysis patients – or about 25,000 patients – receive support from the American Kidney Fund (AKF). Of these,

- Approximately 1,800 patients receive charitable premium assistance for individual coverage, including both on- and off-Exchange plans. The majority of these patients came to DaVita with their plan already in place and simply seek to maintain coverage they had before they became ill. DaVita believes that more than half of these patients would utilize premium tax credits and cost-sharing reductions, or find other sources of funding, to maintain their coverage even if charitable premium assistance were no longer available to them. The loss of individual coverage for some or all of the remaining patients could, as previously disclosed, result in a reduction in expected annual operating income of $45-90M.
- Approximately 4,000 patients receive charitable premium assistance for commercial group coverage, i.e., employer group plans and COBRA plans, to maintain continuity of coverage from prior to the ESRD diagnosis. These patients account for a total of approximately $450M of DaVita's expected annual operating income. Even if charitable premium assistance were to become unavailable to these patients – which DaVita does not expect to happen – DaVita believes that some of these patients would find other ways to fund their insurance premium and retain their coverage.
- Nearly 80% of recipients, or approximately 19,000 patients, receive charitable premium assistance for government coverage, such as Medicare Part B and Medicare Supplemental Plans. Average reimbursement per treatment for these patients is at or below DaVita's average cost per treatment. Without charitable premium assistance, DaVita believes that many of these patients would be forced onto state Medicaid programs or be uninsured.

Risks and Mitigation
DaVita believes that charitable premium assistance will not be taken from dialysis patients, due to its benefit for patients and its importance to the entire dialysis system.

Charitable assistance has been a long-standing component of this system, and the share of patients receiving such assistance has been stable for many years. Charitable assistance is not only beneficial for individual patients who are able to retain coverage they could otherwise not afford, but also is in the interest of society overall, supporting continuity of coverage and access to care for the most vulnerable individuals.

DaVita's view is that private insurers are not unfairly burdened by dialysis charitable assistance, as some have asserted. In fact, in a feature that is unique to ESRD, private insurers receive massive government subsidies in the form of a) the near-universal Medicare eligibility for ESRD patients and b) the 30-month limitation on their obligation to remain the primary insurer. These two subsidies to commercial insurers – one of which uniquely restricts ESRD patients' freedom of choice – far outweigh the benefit of charitable premium assistance to providers.

If charitable assistance were materially restricted, a large number of dialysis centers across the country would no longer be economically viable. This would disproportionately affect centers serving patients with the greatest financial need. DaVita believes that policymakers would take action to prevent such destabilization. Policy changes could include lengthening the 30-month Medicare coordination period, limiting or delaying eligibility for Medicare coverage, subsidizing COBRA coverage, and raising the Medicare reimbursement rate.

Finally, the importance of ensuring continuity of coverage and access to care is increasingly recognized across all of US

healthcare. For example, a bipartisan group of 184 members of Congress sent a letter to the HHS Secretary urging the agency to protect charitable assistance.

Together with patient advocacy groups and other providers, DaVita will continue to advocate for the important principles of patient choice, non-discrimination, continuity of coverage, and access to care for our patients.

About DaVita Kidney Care
DaVita Kidney Care is a division of DaVita Inc., a Fortune 500® company, that through its operating divisions provides a variety of health care services to patient populations throughout the United States and abroad. A leading provider of dialysis services in the United States, DaVita Kidney Care treats patients with chronic kidney failure and end stage renal disease. DaVita Kidney Care strives to improve patients' quality of life by innovating clinical care, and by offering integrated treatment plans, personalized care teams and convenient health-management services. As of June 30, 2017, DaVita Kidney Care operated or provided administrative services at 2,445 outpatient dialysis centers located in the United States serving approximately 194,600 patients. The company also operated 217 outpatient dialysis centers located in 11 countries outside the United States. DaVita Kidney Care supports numerous programs dedicated to creating positive, sustainable change in communities around the world. The company's leadership development initiatives and social responsibility efforts have been recognized by Fortune, Modern Healthcare, Newsweek and WorldBlu. For more information, please visit DaVita.com.

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Forward Looking Statements
This release contains or may contain statements that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for such statements. All statements that do not concern historical facts are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future. These forward-looking statements include statements regarding anticipated government and commercial payment rates, the percentage of patients who receive charitable premium assistance for various forms of healthcare insurance coverage, and the potential impact on the continued use of such charitable premium assistance of various pending proceedings and possible legislation or rule making, on our operations, financial condition and prospects, expectations for treatment growth rates, revenue per treatment, operating income, cash flow, and operating cash flow. These statements can sometimes be identified by the use of forward looking words such as "may," "believe," "will," "should," "could," "would," "expect," "project," "estimate," "anticipate," "plan," "continue," "seek," "forecast," or "intend" or other similar words or expressions of the negative thereof. These statements involve substantial known and unknown risks and uncertainties that could cause our actual results to differ materially from those described in the forward-looking statements, including, but not limited to the risk factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, and subsequent quarterly reports on Form 10-Q. These forward-looking statements should be considered in light of these risks and uncertainties. All forward-looking statements in this release are based on information available to us on the date of this release. We undertake no obligation to publicly update or revise any of these forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise.

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