

Constantino, Mike

From: Jackson, Sara [SJackson@silvercross.org]
Sent: Monday, November 01, 2010 2:16 PM
To: Constantino, Mike
Subject: Opposition to Fresenius Medical Care-Joliet (#10-066)
Attachments: Opposition to Fresenius Medical Care Joliet #10=066 (102910).pdf
Importance: High

Please find attached a letter from Silver Cross Hospital in opposition to the above-referenced application.

Sara Jackson

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October 29, 2010

Mr. Mike Constantino
Project Review Supervisor
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, Illinois 62761

RE: Opposition to Fresenius Medical Care Joliet, Project No. 10-066

Dear Mr. Constantino:

I am writing on behalf of Silver Cross Hospital and Silver Cross Renal Center – West (collectively, "Silver Cross") in opposition to the Application for Permit (the "Application") filed by Fresenius Medical Care of Plainfield LLC d/b/a Fresenius Medical Care Joliet (the "Applicant") to establish a 16 station in-center hemodialysis facility (the "Joliet Facility") at 721-740 East Jackson Street, Joliet, Illinois (the "Project"). In short, and as set forth herein, we are very concerned that the Application contains inaccurate historical patient data, does not meet state requirements, overstates referral projections, and has material omissions.

1) THE APPLICATION MISSTATES DR. ALAUSA'S ESRD PATIENT COUNTS AT SILVER CROSS

The Application is dependent on the historical patient data provided by Dr. Morufu Alausa ("Dr. Alausa") and Dr. Alausa's medical group, Germane Nephrology ("Germane"). Unfortunately, the historical patient data submitted by Dr. Alausa does not agree with the records maintained by Silver Cross. The below table compares the information submitted by Dr. Alausa in support of the Application as compared to the official data for Dr. Alausa and Germane on record at Silver Cross (and as submitted by Silver Cross to the Renal Network).

SITE	NUMBER OF IN-CENTER HEMODIALYSIS PATIENTS FOR GERMANE NEPHROLOGY (DRS. ALAUSA, SHAFI & WING)	2007	2008	2009
Silver Cross Renal – West				
	Per Application for Project No. 10-066	70	93	119
	Per Silver Cross Records	19	28	33
	Number Overstated	51	65	86
	Percent Overstated	268.4%	232.1%	260.6%
Silver Cross Hospital (Hospital Based Facility)				
	Per Application for Project No. 10-066	12	16	31
	Per Silver Cross Records	4	5	8
	Number Overstated	8	11	23
	Percent Overstated	200.0%	220.0%	287.5%

SITE	NUMBER OF IN-CENTER HEMODIALYSIS PATIENTS FOR GERMANE NEPHROLOGY (DRS. ALAUSA, SHAFI & WING)	2007	2008	2009
Combined Silver Cross Facilities				
	Per Application for Project No. 10-066	82	109	150
	Per Silver Cross Records	23	33	41
	Number Overstated	59	76	109
	Percent Overstated	256.5%	230.3%	265.9%

It is clear that the number of patients used by the Applicant to justify the need for the Project and to size the Project ***are more than double*** Silver Cross' internal data. An error of this size must be addressed and/or investigated by the Illinois Health Facilities & Services Review Board (the "Board").

2) THE APPLICATION'S PROJECTED REFERRALS DO NOT MEET STATE STANDARDS

Section 1110.1430(b)(3)(B)(iii) of the Board's rules states that that physician referral letters need to include "an estimated number of patients (transfers from existing facilities and pre-ESRD, as well as respective zip codes of residence) that the physician will refer annually to the applicant's facility within a 24-month period after project completion, based upon the physician's practice experience. The anticipated number of referrals ***cannot exceed*** the physician's documented historical caseload."

According to the Application, Dr. Alausa will refer 221 ESRD patients to the Joliet facility. (See p. 46.) However, according to Dr. Alausa's patient count affidavit, Dr. Alausa only had 177 ESRD patients as of June of 2010. (See pp. 54, 108). This self-reported patient count "shortfall" and exaggerated historical patient count should be enough to raise questions about the Application.

3) THE PROJECTED NUMBER OF ESRD REFERRALS INDICATED IN THE APPLICATION ARE INCONSISTENT WITH THE RENAL NETWORK PATIENT ORIGIN DATA

In addition to containing inaccurate patient counts vis a vis Silver Cross, the pre-ESRD projections set forth in the Application greatly exceed the historical ESRD patient growth rates as maintained by the Renal Network. More specifically, historical patient origin data from the Renal Network indicates that there was a net increase of just 110 ESRD patients over the last three and a half years (between 12/31/07 and 06/30/10) for the same zip codes that were identified in the Application. Despite this modest historical growth rate of ESRD patients in the area, the Application states that Dr. Alausa will add another 375 ESRD patients from the very same zip codes over the next 2-3 years. In other words, a single physician practice will ***more than triple the historical patient growth*** rate that was found for all Illinois ESRD facilities that had patients in the targeted zip codes. Patient origin data for 2007, 2008, 2009 and as of June 30, 2010 was obtained from the Renal Network and is listed in the following table; said patient origin data was then compared to the Applicant's anticipated referrals for those same zip codes for Years 2-3. Again, Silver Cross would submit that the Applicant's statements and conclusions about historical patient counts and future projections are not reasonable.

ZIP CODE	ESRD PATIENTS BY ZIP CODE ¹				APPLICANT'S ANTICIPATED ESRD REFERRALS (Yrs 2-3) ²
	AS OF 12/31/07	AS OF 12/31/08	AS OF 12/31/09	AS OF 06/30/10	
60403	8	11	18	24	40
60404	6	8	11	10	15
60410	5	5	5	6	26
60421	7	9	9	9	20
60431	13	20	19	17	9
60432	62	65	68	65	18
60433	30	33	35	42	29
60435	62	68	69	77	20
60436	24	27	27	37	13
60441	41	33	33	33	41
60442	3	3	7	9	22
60446	34	28	40	42	17
60451	24	24	17	20	19
60481	11	11	12	12	27
60543	19	21	25	25	12
60544	34	34	39	41	15
60564	9	13	14	17	12
60585		1	4	4	11
60586	2	5	8	14	8
TOTALS	394	419	460	504	374

¹ The Renal Network (received 10/20/10)

² Per CON 10-066, pp 49 and 103

4) THE APPLICATION INCORRECTLY ASSERTS THAT THERE HAS BEEN A DECLINE IN AVAILABLE SERVICES IN THE SERVICE AREA

On page 39 of the Alternatives Section, the Applicant makes an argument against utilizing other health care resources in the service area because "there has been a decline in available services and there simply will not be adequate access to dialysis services in the future."

Contrary to this statement, however, available dialysis services have increased in the service area. As the Applicant is well aware, three new Fresenius dialysis facilities with a total of 36 stations have been approved for the area in the last three years. (See Project Nos. 06-063, 07-130, and 09-037). And Fresenius Bolingbrook was just approved last month to add 4 stations. (See Project No. 10-043). In addition, Silver Cross' dialysis facility at its New Lenox Campus was just recently approved to add five stations. Thus, a total of 45 new stations (40 at Fresenius facilities plus 5 at Silver Cross) have been recently approved for the service area. Those 45 new stations represent an increase of nearly 47% dialysis stations in this area [45 / (114-45) = 46.8%] in just three years. Again, for whatever reason, the Applicant has seemingly attempted to craft arguments and statements to satisfy the Board's review criteria; but has failed to accurately represent or address the reality of the situation.

5) THE APPLICATION FAILS TO ADDRESS THE FACT THAT THE SERVICE AREA HAS EXISTING CAPACITY

Closely related to the above point, according to Section 1110.1430j of the Board's rules, ESRD facility applicants are required to include assurances that "by the second year of operation after the project completion, the applicant will achieve and maintain the utilization standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal." However, as set forth in the below table, there are several area facilities not operating at the required target occupancy of 80% - even two years after opening.

Provider #	Facility Name	Notes	Stations	Patients (as of 08/30/10)	Current Occupancy	Patients (at 80% Utilization)	Available Capacity (at 80 % Utilization)
140213	SILVER CROSS HOSPITAL	Approved +5 stations 07/27/10	19	87	76.3%	91.2	4.2
142550	FMC - ORLAND PARK		16	72	75.0%	76.8	4.8
142553	SUN HEALTH INC		17	60	58.8%	81.6	21.6
142605	FMC - BOLINGBROOK DIALYSIS	Approved +4 stations 09/03/10	24	113	78.5%	115.2	2.2
142689	FMC - MOKENA DIALYSIS	Approved 02/21/07	12	37	51.4%	57.6	20.6
142707	FMC - PLAINFIELD	Approved 02/26/08	12	38	52.8%	57.6	19.6
143516	SILVER CROSS RENAL CENTER WEST		29	149	85.6%	139.2	-9.8
	FMC-LOCKPORT	Approved 12/01/09	12			57.6	57.6
TOTAL			141	556	65.7%	676.8	120.8

Source: The Renal Network, as of 08/30/10

For example, the Fresenius Medical Care-Mokena facility – approved a little more than three years ago – is not yet operating at target occupancy; even though that facility is well into or beyond its second year of operation. In the application for that project, Fresenius stated that the Mokena facility would have 60 patients by the end of April 2010. (See p. 75 of Application for Permit for Project No. 06-063). But, as can be seen by the most recent data from The Renal Network in the table above, the Mokena facility only had 37 patients and is operating at 50% occupancy as of August 2010 – well after their own target deadline. And the Fresenius Medical Care – Lockport facility is only six (6) miles away from the proposed Joliet Facility and is not yet open.

Indeed, the story is the same for every Fresenius facility in the service area. At this moment in time, not a single Fresenius facility in the service area is operating at or above target occupancy.

For these reasons, Silver Cross strongly opposes the proposed Project because the proposed Project is based upon questionable historical data, does not meet state standards, contains overstated referral projections, and has material omissions.

Mr. Mike Constantino

October 29, 2010

Page 5

Finally, I affirmatively state that I am familiar with the various rules and regulations concerning the submission of accurate materials to the Board and that the statements contained in this letter are true and correct to the best of my knowledge and belief.

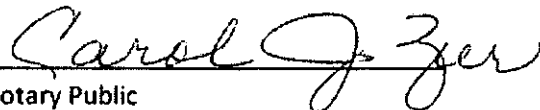
Sincerely,



Ruth Colby

Senior Vice President, Business Development &
Chief Strategy Officer

SUBSCRIBED AND SWORN
to before me this 29th day
of October, 2010.



Notary Public

