



## Fresenius Medical Care

January 13, 2011

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JAN 14 2011

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Dale Galassie  
Chairman  
Illinois Health Facilities & Services Review Board  
525 W. Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, IL 62761

**Re: Additional Information**  
**Project: #10-066, Fresenius Medical Care Joliet**

Dear Mr. Galassie,

The enclosed pages contain additional information in response to the Intent to Deny given to the above mentioned project at the December 14, 2010 meeting and in response to information requested by the Board.

Thank you for your time and consideration of this information.

Sincerely,

Lori Wright  
Senior CON Specialist

cc: Clare Ranalli

## ADDITIONAL INFORMATION FOR #10-066, FRESENIUS MEDICAL CARE JOLIET

### Criterion 77 III. Adm. Code 1100.1430(b) - Planning Area Need

#### 1. Formula Calculation

According to the December 17, 2010 Board station inventory, there are 213 approved existing stations in HSA 9 with the calculated need being only 162. This leaves an excess of 51 stations. The Fresenius Medical Care Joliet project thus does not meet the Formula Need Calculation criteria. However, since the time this need was calculated, there has been significant population growth in HSA 9 as well as growth of ESRD, specifically in Will County and the Joliet area. A revised calculation utilizing updated statistics shows a significantly higher need for ESRD stations in HSA 9 by 2015. The revised calculation below exhibits a calculated need for 101 additional stations in HSA 9. Given this, the project meets the Formula Need criteria.

State Institutional Dialysis Patients 2010 <sup>1</sup>	14,440
State Population Projections 2010 <sup>2</sup>	13,279,091
State Use Rate	1.087
Minimum Institutional Dialysis Use Rate	0.652
H S A 9 Institutional Dialysis Patients 2010 <sup>3</sup>	809
H S A 9 Population Projection 2010 <sup>4</sup>	927,536
H S A 9 Use Rate	0.872
H S A 9 2015 Population Projection <sup>5</sup>	1,040,980
2015 Estimated Dialysis Patients	1132
5 Year Increase	1,506
Projected Treatments 2015	234,936
Stations Needed 2015	314
Approved Existing Stations	213
Additional Stations Needed	101

<sup>1</sup> The Renal Network 12-31-2010 Utilization Data

<sup>2</sup> Illinois Department of Commerce & Economic Opportunity (DECO) population projections summary by county.

<sup>3</sup> The Renal Network 12-31-2010 Utilization Data

<sup>4</sup> Illinois Department of Commerce & Economic Opportunity population projections summary by county.

<sup>5</sup> Illinois Department of Commerce & Economic Opportunity population projections summary by county.

**5. Planning Area Need – Service Accessibility**

The patients identified for the Fresenius Joliet facility along with the East Joliet area (60432) where the proposed facility will be established exhibits a disadvantaged population in many respects. East Joliet is predominately Hispanic and African American, 46% and 31% respectively. The individuals living below poverty level in this zip code are 23%. This is according to 2000 census data and Joliet/Will County projections show a rising trend in these populations. (In comparison, West Joliet (60435) was 12% Hispanic and 9.2% African American with only an 8% poverty level.)

Hispanic and African Americans are twice as likely to develop high blood pressure and diabetes as the general population. These diseases are the two main causes of kidney failure resulting in the need for dialysis services. Due to the economic disparity of the area, these patients find additional hardship with transportation issues relating to reliable transportation and to cost. Transportation is one of the biggest hurdles for a dialysis patient and an even greater one for the patients who are at an economic disadvantage.

With the area utilization levels over 80% at the majority of the clinics in Joliet, and wait lists at some, patients have little to no choice in their treatment schedule time, putting even greater restrictions on their transportation options. County/Township medical car services do not run after 4p.m. Due to these schedule restrictions, last shift in the day is often the only shift available to a new patient.

**The patients in Dr. Alausa's practice (Germane Nephrology) reflect these medical/economic challenges.**

**Payor Mix for Germane Nephrology**

Payor	% Patients
Medicare	62%
Commercial Ins	21%
Public Aid	14%
Self Pay	3%

The majority of the Public Aid and Self Pay Patients reside in the two zip codes in the immediate area of the proposed facility, 60432 & 60433.

**Ethnic Background for Germane Nephrology**

Ethnic Background	% Patients
African American	38%
Caucasian	37%
Hispanic	24%
Asian/Other	1%

62% of Dr. Alausa's patients are African American and Hispanic

**The Fresenius Medical Care Joliet facility will predominately serve the residents of East Joliet, zip codes 60432 & 60433. The medical/economic challenges are evident in the demographics of the patients from this area.**

**Payor Mix for Zip Codes 60432 & 60433**

Payor	% Patients
Public Aid	57%
Medicare	21%
Self Pay	8%
HMO <sup>1</sup>	8%
Commercial Ins	6%

The economic disadvantage of the patients in East Joliet is reflected in the above payor mix

<sup>1</sup> Silver Cross Managed Care - patients with this coverage can only go to the Silver Cross facilities.

**Ethnic Background for Zip Codes 60432 & 60433**

Ethnic Background	% Patients
African American	48%
Hispanic	39%
Caucasian	12%
Asian/Other	1%

87% of Dr. Alausa's patients who reside in East Joliet are African American & Hispanic

**The Fresenius Medical Care Joliet facility will serve the remaining zip codes the Joliet area of 60442, 60410, 60481 & 60403. The medical/economic challenges are also evident in the demographics of the patients from this area.**

**Payor Mix for Remaining Zip Codes With Patient Referrals for the Joliet Facility**

(60442, 60410, 60481, 60403)

Payor	% Patients
Medicare	42%
Public Aid	39%
Commercial	9%
HMO <sup>2</sup>	6%
Self Pay	4%

53% of patients in the remaining zip codes are Public Aid and Self Pay.

**Ethnic Background for Remaining Zip Codes With Patient Referrals for the Joliet Facility**

(60442, 60410, 60481, 60403)

Ethnic Background	% Patients
African American	43%
Hispanic	33%
Caucasian	23%
Asian/Other	1%

76% of patients in the remaining zip codes are African American & Hispanic

Although all facilities within 30 minutes travel time are not operating above 80% utilization a significant number of those that the patients identified for the Joliet facility could reasonably utilize are above 80% restricting these patients access to services.

Facility	Address	City	ZIP Code	Miles	Time	Adjusted	Stations	Util <sup>1</sup>
New Silver Cross Hosp	US-6 & N Clinton St	New Lenox	60451	4.31	7	8	14	101% <sup>2</sup>
Fresenius Lockport	1062 Thomton Avenue	Lockport	60441	5.75	11	13	12	0% <sup>3</sup>
Sun Health	2121 W Oneida St	Joliet	60435	5.79	13	15	17	55%
Silver Cross West	1051 Essington Rd	Joliet	60435	5.73	17	20	29	84%
Fresenius Mokena	8910 W 192nd St	Mokena	60448	13.82	22	25	12	57%
Fresenius Orland Park	9160 W 159th St	Orland Park	60462	14.33	22	25	18	76% <sup>4</sup>
Fresenius Plainfield	2320 Michas Dr	Plainfield	60586	15.48	25	29	12	74% <sup>5</sup>
Fresenius Bolingbrook	329 Remington Blvd	Bolingbrook	60440	13.12	26	30	20	96% <sup>6</sup>

<sup>1</sup> Utilization for December 31, 2010 draft data from The Renal Network figured on currently operating stations

<sup>2</sup> Silver Cross Hospital #10-020, approved July 2010, will add 5 stations to the facility in 2012

<sup>3</sup> Fresenius Lockport # 09-037, approved December 2009, will be operational in late 2011, early 2012

<sup>4</sup> Historically over 80%, 2 stations added September 2010 to alleviate high utilization and improve access for patients in Orland Park market

<sup>5</sup> Fresenius Plainfield open only one year and already just under 80% utilization

<sup>6</sup> Fresenius Bolingbrook historically over 80% despite expansions, 4 additional stations will be operational mid 2011, facility will still be over 80%

<sup>7</sup> 4 Additional stations not yet operational will bring the total to 24

<sup>8</sup> Total operating stations 122. 5 stations at Silver Cross Hospital will not be operational until 2012, 12 stations at Lockport will not be operational until late 2011, early 2012 and 4 stations at Bolingbrook will be not be operational until mid 2011.

The facilities that the patients identified for Fresenius Medical Care Joliet could potentially be referred to are Silver Cross Hospital, Sun Health, Silver Cross West and Fresenius Lockport. It is unreasonable to expect these patients to go outside of Joliet 13 -15 miles away to a separate market for services. As will be explained in the following section, the Fresenius Joliet facility will serve a specific disadvantaged patient population that will be put at an even greater disadvantage if this facility is not established.

**Silver Cross Hospital** – Silver Cross Hospital has been operating above capacity with 14 stations for several years creating a waiting list for patients. Although the facility is adding 5 stations to be operational in 2012, Silver Cross identified 54 patients who would be referred to bring the facility above 80%. Given current and historic utilization and certified patient referrals, Silver Cross Hospital will not be able to accommodate the patients identified for the Fresenius Joliet facility.

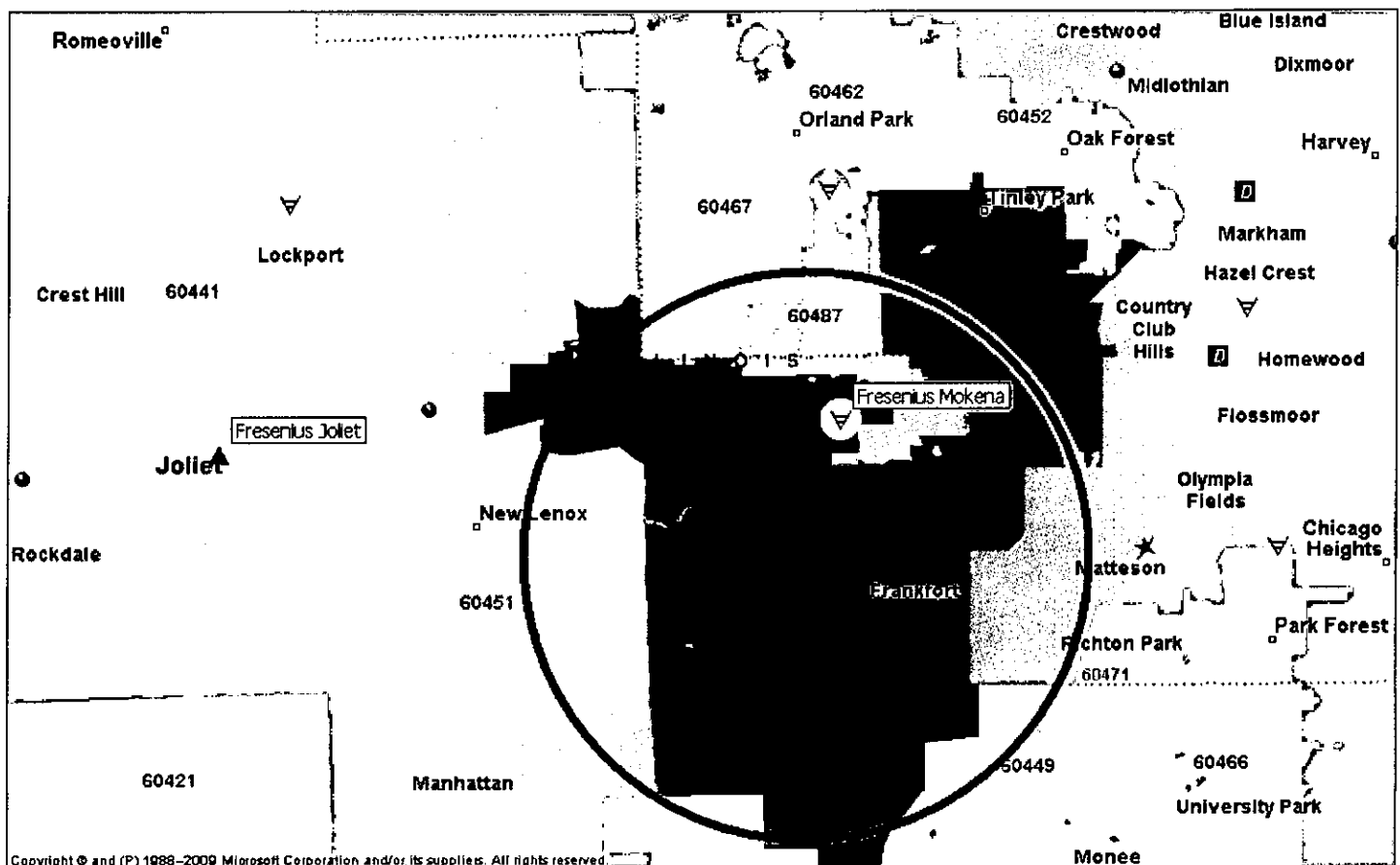
**Silver Cross West** – This facility is operating above 80% utilization and cannot accommodate the patients identified for the Joliet facility.

**Sun Health** – While underutilized, not all of the patients Dr. Alausa refers here are accepted and some are not able to be referred there due to their insurance provider.

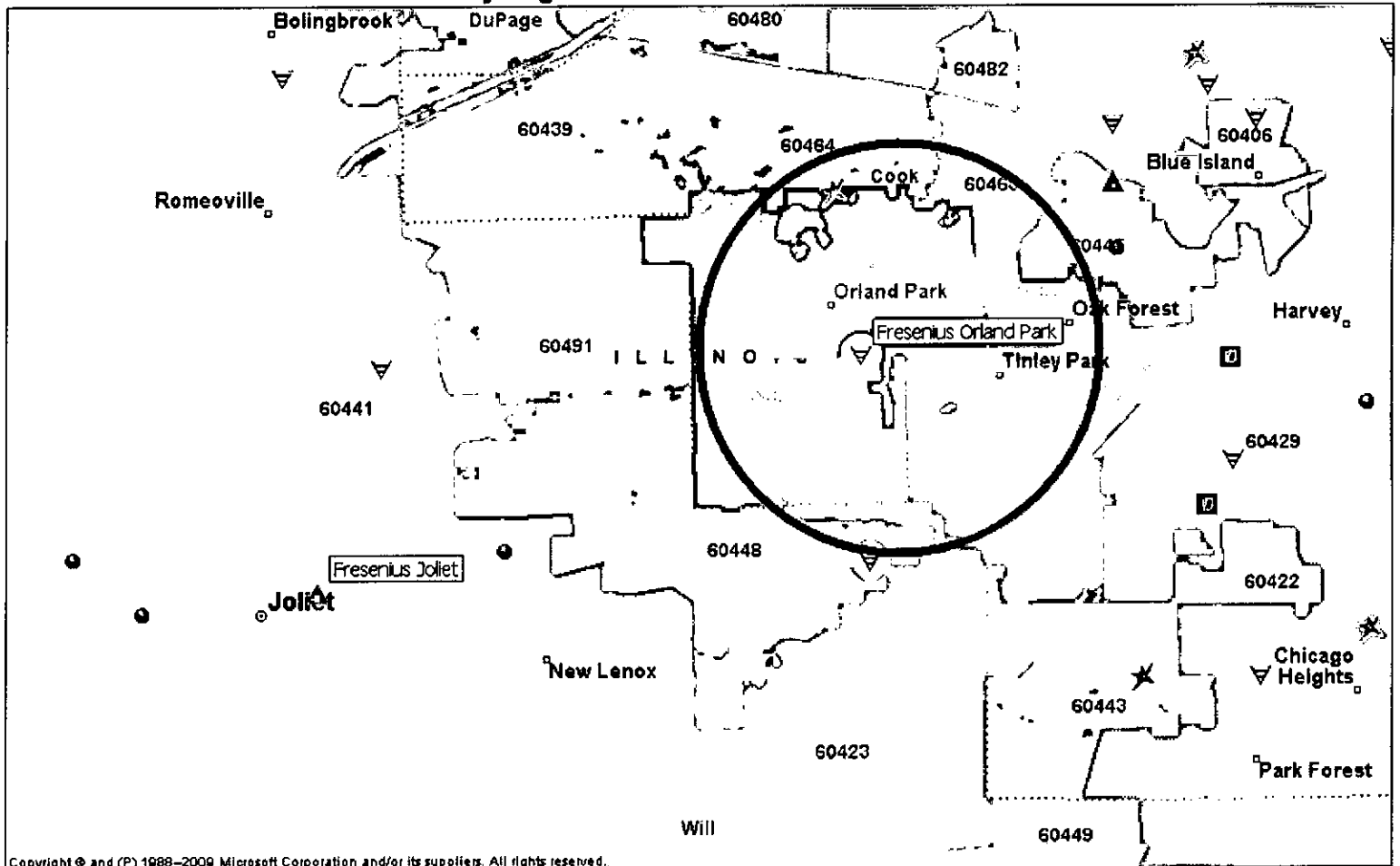
**Fresenius Lockport** – This facility will not be operational for another year and is supported by separate physicians/patients that do not practice/live in Joliet. Southwest Nephrology Associates based in Cook County (HSA 7) have identified 78 patients to bring that facility to 80% by the year 2013. Thus the facility cannot accommodate the patients identified for the Joliet facility. Aside from this, Dr. Alausa has also certified that he has pre-ESRD patients that he will refer to the Lockport facility that do live in the immediate Lockport area.

The only other facilities with any capacity within 30 minutes are Fresenius Mokena, almost 14 miles away and near the 30 minute travel time and Fresenius Plainfield over 15 miles away. (Given the extreme growth at Fresenius Plainfield, the facility is expected to be at 80% by the March 22<sup>nd</sup> meeting when the Joliet project is heard). While the Mokena facility did not reach target utilization within 2 years of operation, as most of the approved Fresenius facilities do, it is not a reasonable facility to send the patient population residing in East Joliet to. Dr. Alausa tries to place his patients in the facility nearest their home, due to the previously mentioned transportation problems experienced by dialysis patients. It would not be in the best interest of a patient from Joliet to be referred as far away as Mokena, unless it was the patient's preference, which is not likely. The maps below and on the following pages illustrate the distribution of patients dialyzing at current Fresenius facilities in the area and those identified for the not yet operating Lockport location and for Fresenius Joliet.

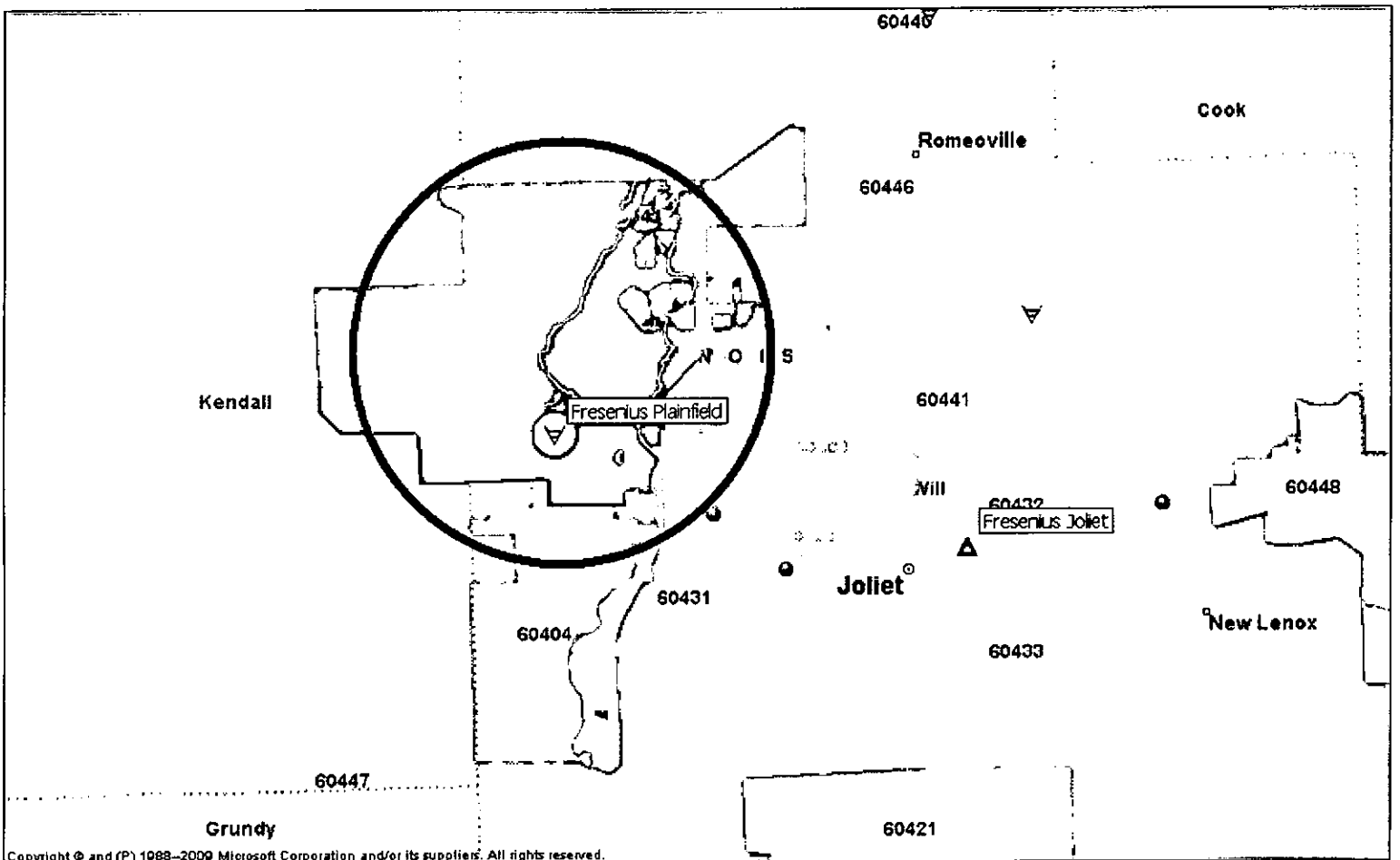
### Patients dialyzing at Fresenius Medical Care Mokena



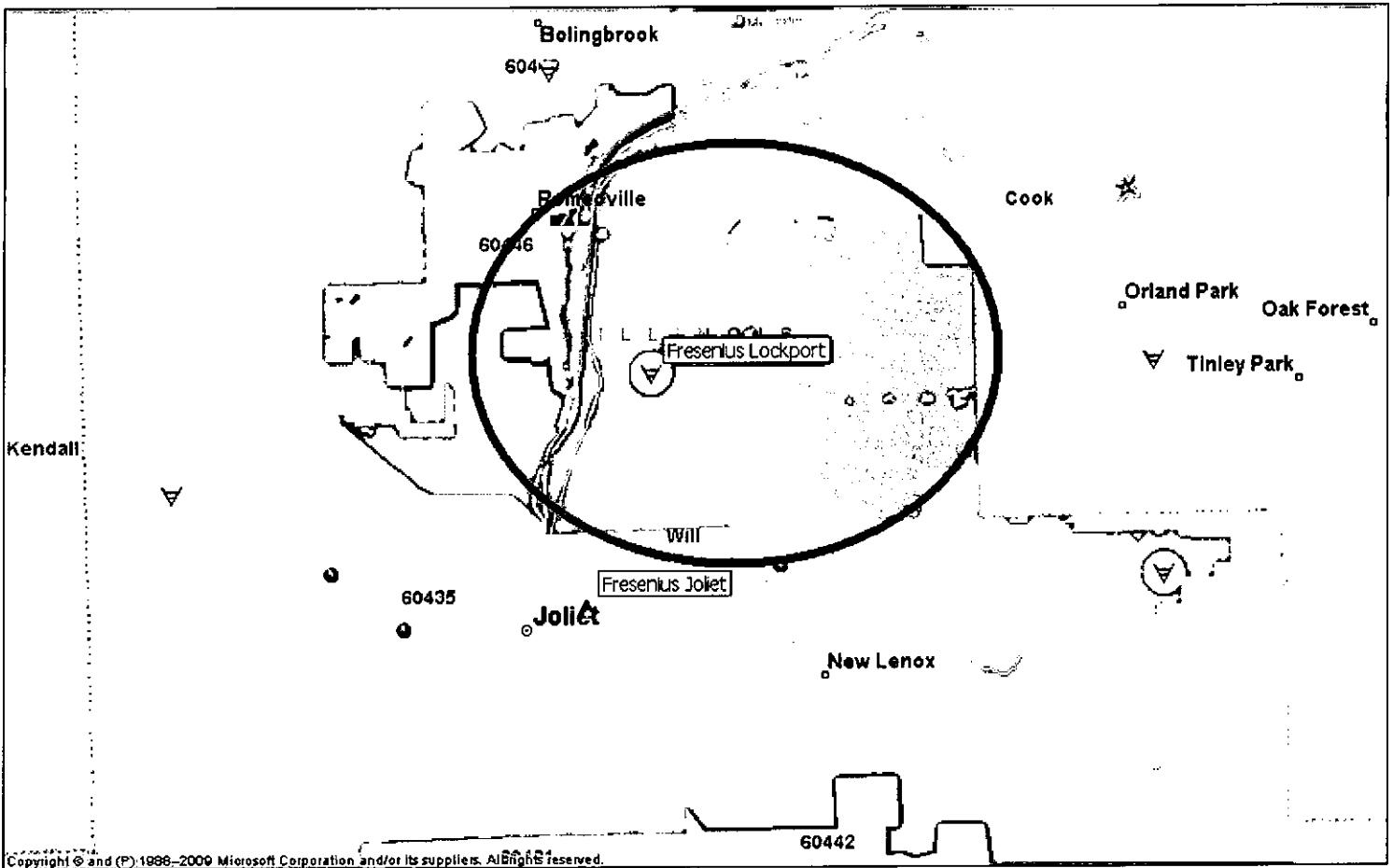
### Patients dialyzing at Fresenius Medical Care Orland Park



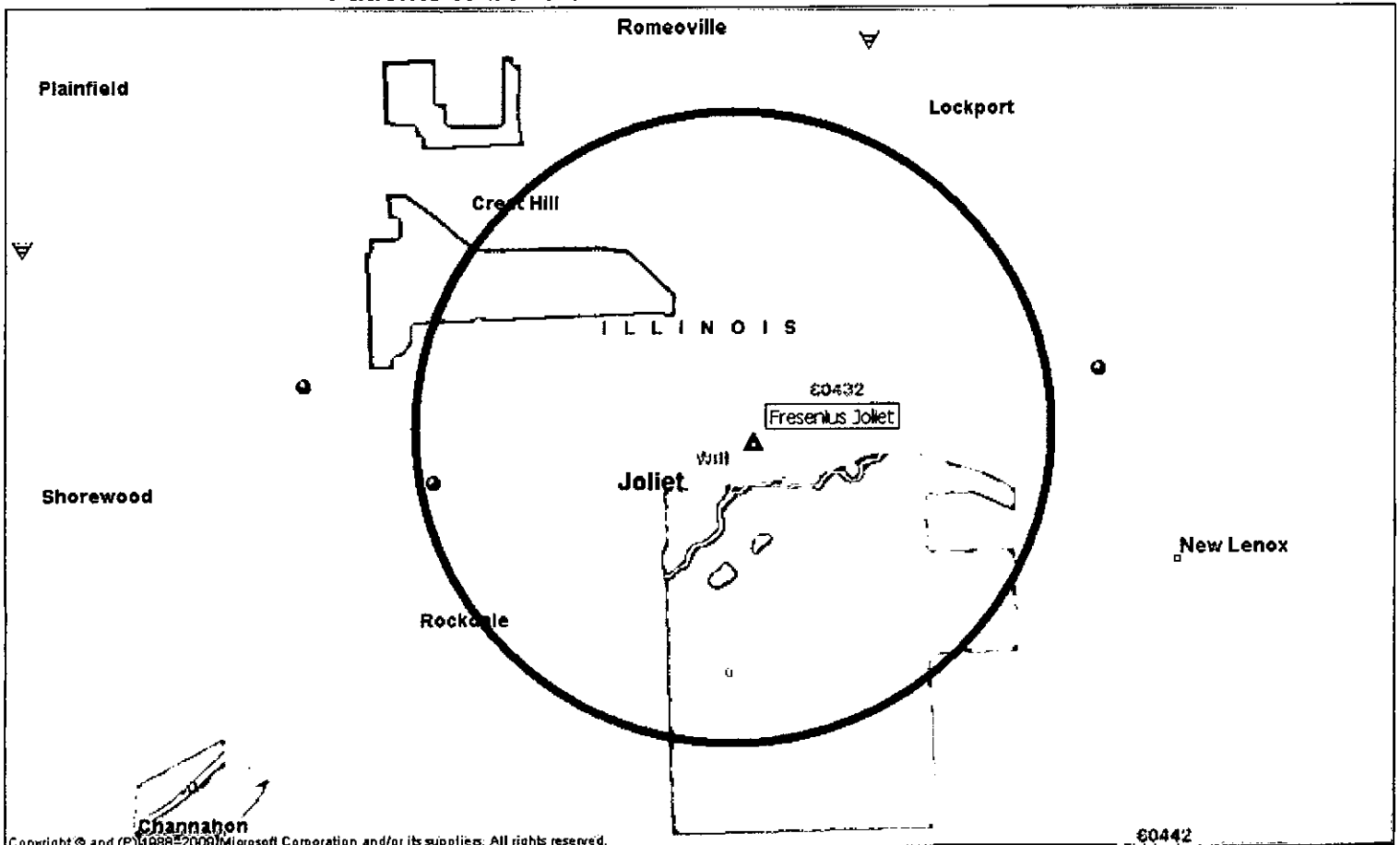
### Patients dialyzing at Fresenius Medical Care Plainfield



# Patients identified to be referred to Fresenius Medical Care Lockport



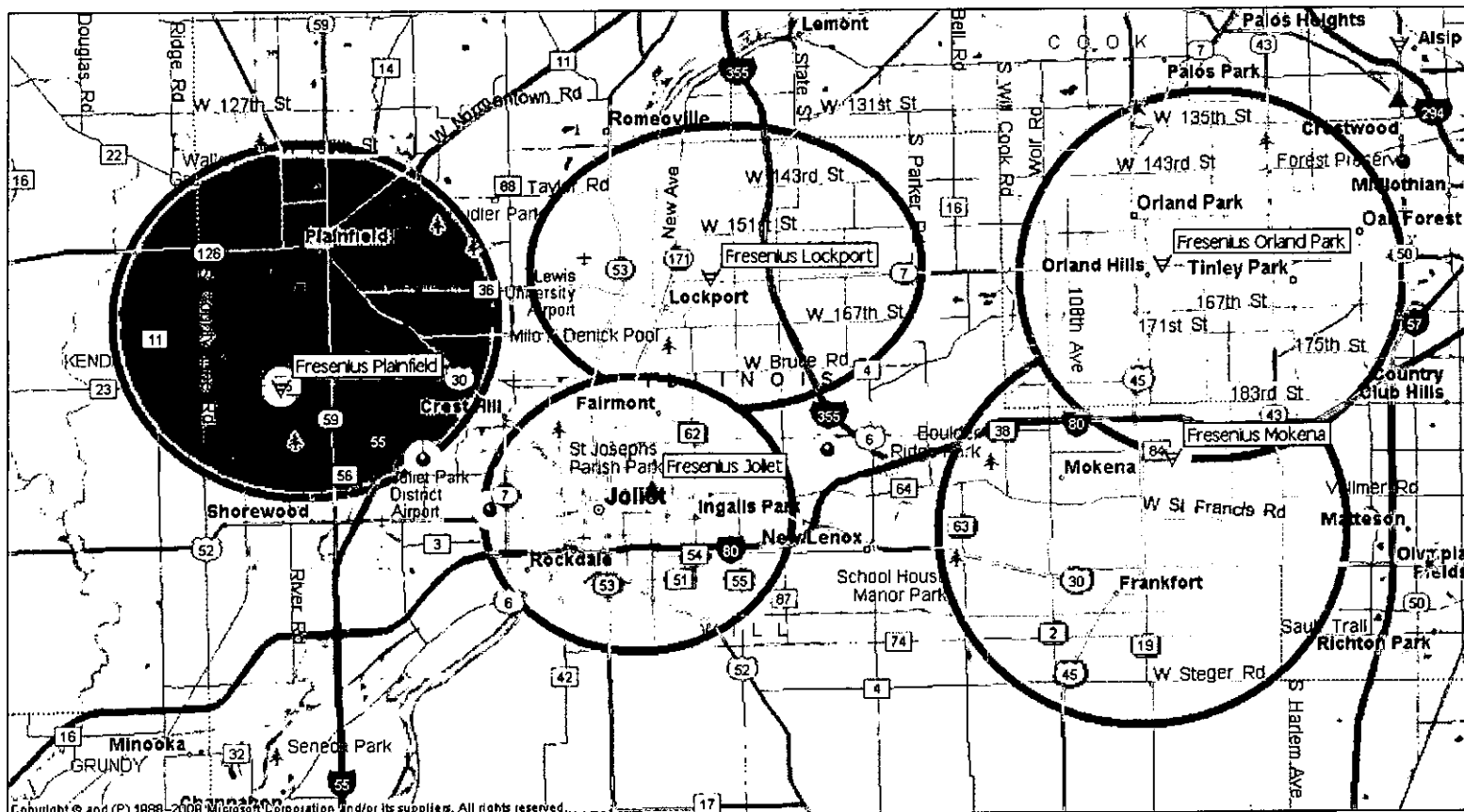
# Patients to be referred to Fresenius Medical Care Joliet





## Distribution of patients from Fresenius Mokena, Orland Park, Plainfield, Lockport and Joliet

Based on the previous maps, below is a radius around each facility where a majority of the patients dialyzing at that facility reside.



As is seen in the above map, the greatest majority of patients dialyze near their place of residence and do not wish to nor is it in their best interest to travel extreme distances for dialysis treatment.

## Criterion 1110.1430(c) – Unnecessary Duplication/Maldistribution

The rule states that maldistribution exists when there is an excess of facilities or services in the area. As previously mentioned the need calculation is outdated and if revised would show a need for 101 more stations in HSA 9. Thus there would not be a maldistribution of services. Other factors the Board rules look at are:

### A) The ratio of stations to population.

As stated in the original State Agency Report, according to the 2000 zip code census for a 30 minute radius the ratio of stations to population is 1 station per 5,013 residents (based on 143 stations and 716,978 residents). The 2010 State ratio of stations to population is 1 station per 3,711 residents (based on 3,578 stations and 13,279,091 residents). However, the 30 minute radius ratio is comparing population data that is **over 10 years old to the current station inventory.**

While there is no current zip code census data available (2010 Census data should be online in February), census projections for 2010 from DECO for Will County show a 41% growth in population (from 502,266 in 2000 to 706,639 in 2010). Statistics for the city of Joliet from the US Census Bureau, show a growth of 35% (from 106,221 in 2000 to 143,008 in 2009). **This growth has to be taken into account when determining the ratio of stations to population.** The population has grown exponentially in the last decade. If the growth rate of Joliet were factored into the 30 minute radius, the current ratio of stations to population would be 1 station per 6,768 residents which shows that there are fewer stations to the population in Joliet than in the State. This is further compounded by the disadvantaged patient population previously discussed, that has a higher risk of kidney failure.

	2010 Projected Population	December 17, 2010 Station Inventory	Ratio Stations to Population
<b>30 Minute Radius</b>	967,920	143	1/6,769
<b>State</b>	13,279,091	3,578	1/3,711

The current ratio of stations to population supports the fact that there will not be a maldistribution of services.

### B) Historical Utilization for existing facilities in regards to the State target utilization of 80%.

While not all facilities within 30 minutes travel time are operating above the 80% State utilization target, the Joliet market has experienced high utilizations despite expanding/establishing facilities for many years. The facilities within 30 minutes of Fresenius Medical Care Joliet were previously addressed in this supplemental information.