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Via FedEx

Ms. Courtney R. Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Chicago Ridge Dialysis (Proj. No. 13-050)
Submission of Additional Information

Dear Ms. Avery:

This office represents DaVita HealthCare Partners Inc. and Cagles Dialysis, LLC (collectively, the "DaVita"). In this capacity, we are submitting additional information regarding DaVita's proposal to establish a 16-station in-center hemodialysis facility to be located at 10511 South Harlem Avenue, Worth, Illinois (the "Proposed Project"). The additional information further supports the need for the Proposed Project.

A. ESRD Utilization in the GSA Continues to Increase

Additional stations are needed to address the growing numbers of end-stage renal disease ("ESRD") patients in the Proposed Project's geographic service area ("GSA"). Based upon the December 31, 2013 ESRD utilization data from the Illinois Health Facilities and Services Review Board (the "Board"), overall utilization in the Proposed Project's GSA has increased approximately 3% annually over the past two years, from 67.8% as of December 31, 2011 to 73.7% as of December 31, 2013. Excluding those facilities that have been operational less than two years, utilization as of December 31, 2013 increased to 78.5%, which is just below the Board's target utilization standard. Further, the number of ESRD patients dialyzing at outpatient centers has increased 8.7% (or 222 patients) over the past two years from 2,554 in 2011 to 2,776 in 2013.

DaVita anticipates this trend to continue for the foreseeable future. According to data from the U.S. Centers for Disease Control and Prevention, 10% of American adults have some level of chronic kidney disease (or CKD) and most do not know it. As more working families obtain health insurance through the Accountable Care Act (or ACA)[1] and 1.5 million Medicaid

[1] According to data from the federal government 256,000 Illinois residents enrolled in a health insurance program through the ACA through January 31, 2014. The Gate News, "HHS Announces ACA Enrollment Numbers for

beneficiaries transition from traditional fee for service Medicaid to Medicaid managed care,[2] more individuals in high risk groups, like low income African-Americans and Hispanics, will have better access to primary care and kidney screening. DaVita anticipates tens of thousands of newly diagnosed cases of CKD in the years ahead as a result of health care reform initiatives. Therefore, additional stations are needed to treat this new influx of ESRD patients, who will require dialysis in the next couple of years.

B. Dialysis Facilities in the GSA Not Appropriately Located to Where Patients Reside

According to the Board's rules "Health care services should be appropriately located to best meet the needs of the population. Illinois residents needing services should not be forced to travel excessive distances." (77 Ill. Admin. Code 1100.400). While many underutilized facilities are located within the Proposed Project's GSA, 95 (or 70%) the projected patients reside in and around Oak Lawn. (See Attachment 1) Therefore, not all of the facilities within Chicago Ridge's GSA are within 30 minutes of where the projected patients reside. Accordingly, FMC Elmhurst, FMC Mokena, and U.S Renal Oak Brook, which are over 30 minutes away are not viable options for patients. (See Attachments 1 and 2).

Requiring patients to travel more than 30 minutes for dialysis, three times per week is excessive and does not best meet the patients' need. Many of the patients to be served by the Proposed Project suffer multiple co-morbidities, are very debilitated and require transportation support. When patients must travel excessive distances, it exacerbates transportation access issues and results in missed dialysis treatments and involuntary non-compliance. Non-compliance has significant negative consequences. Skipping one or more dialysis sessions in a month has been associated with a 16% higher risk of hospitalization and 30% increased mortality risk compared to those who did not miss a dialysis session.

Importantly, and as shown in Attachment 2 attached hereto, the facilities within 20 minutes of JR Nephrology, the primary referring nephrology group, are highly utilized, with average utilization of 82.4% as of December 31, 2013. Given the proximity of these facilities to where the projected patients reside, these are the facilities patients would likely choose to dialyze in the absence of a new facility in the Chicago Ridge/Oak Lawn area. Given the high utilization,

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First Four Months" *available at* http://www.thegatenewspaper.com/2014/02/hhs-announces-aca-enrollment-numbers-for-first-four-months/.

[2] In January 2011, the Illinois General Assembly passed legislation mandating 50% of the Medicaid population to be covered by a managed care program by 2015.

it will be difficult for patients to schedule their dialysis at an optimal time, which could result in missed treatments and involuntary non-compliance. Therefore, additional stations are needed in this GSA to adequately serve all of the current and projected ESRD patients.

Thank you for your time and consideration of our submission of additional information. If you need any additional information regarding the Proposed Project, feel free to contact me at 312-873-3606 or acooper@polsinelli.com

Sincerely

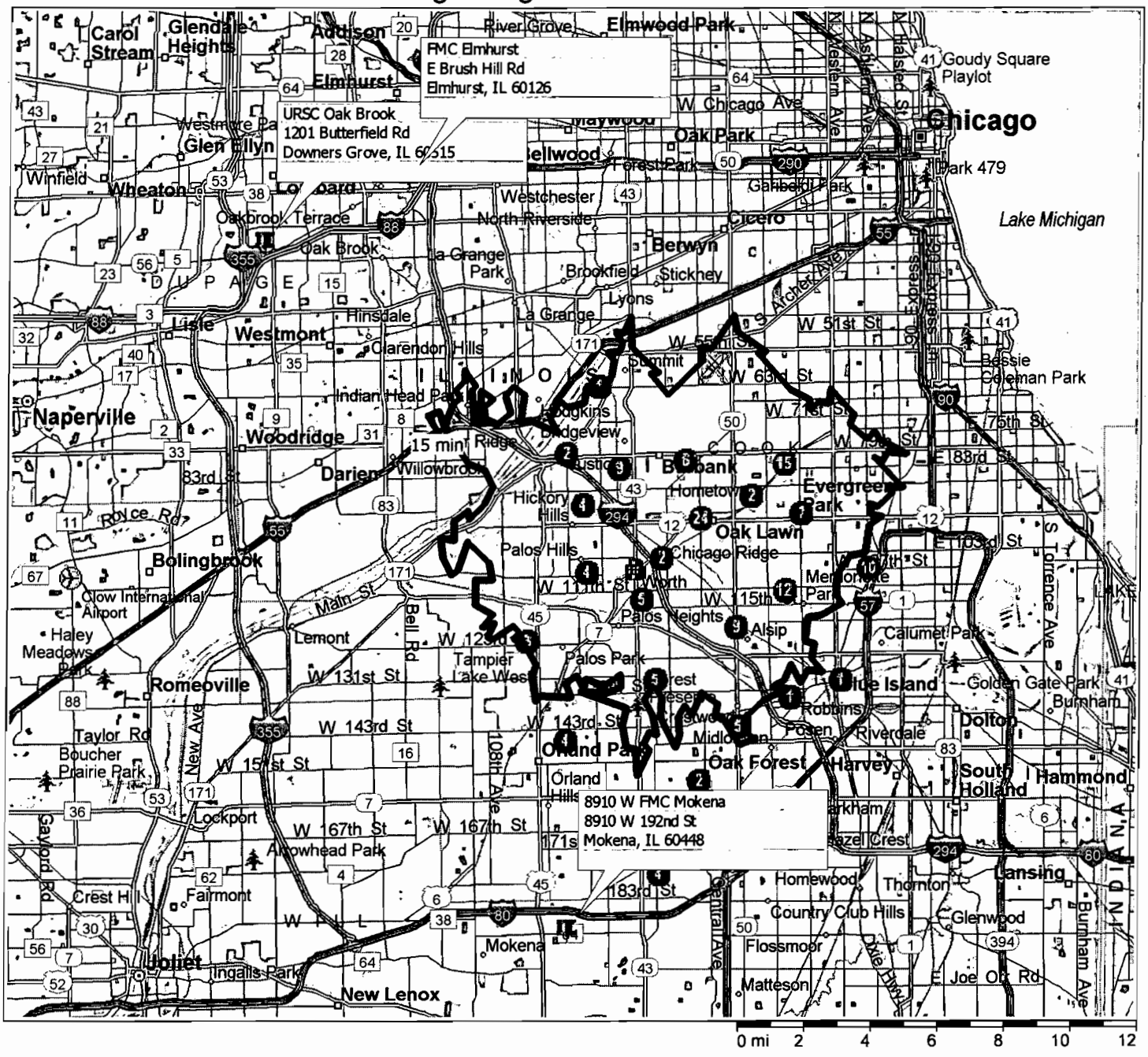
Anne M. Cooper

Attachments
cc: Michael Constantino
Penny Davis

Attachment 1

Projected Patients' Proximity to Oak Lawn				
Zip Code	Patients	Distance from Oak Lawn	Travel Time from Oak Lawn	Adjusted Travel Time from Oak Lawn
60453	24	0 mi	0	0
60456	2	2.26 mi	7	8
60415	2	2.61 mi	8	9
60459	6	2.91 mi	8	9
60805	7	3.06 mi	9	10
60482	5	3.48 mi	10	12
60652	15	3.65 mi	11	13
60455	9	4.74 mi	12	14
60803	9	4.06 mi	12	14
60457	4	4.75 mi	13	15
60655	12	4.76 mi	13	15
60463	5	5.81 mi	14	16
60465	4	5.53 mi	15	17
60445	5	6.54 mi	16	18
60458	2	6.62 mi	16	18
60472	1	7.23 mi	17	20
60643	10	5.83 mi	17	20
60406	1	7.57 mi	18	21
60464	3	7.39 mi	18	21
60501	1	7.85 mi	19	22
60452	2	8.94 mi	23	26
60477	4	12.05 mi	25	29
60462	4	11.57 mi	26	30
Total	**137**			

Chicago Ridge Patient Residence



Attachment 2

Utilization of Existing Dialysis Facilities within 20 Minutes' Drive Time of JR Nephrology

End Stage Renal Disease Facility	Address	City	Distance	Time	Adjusted	12/18/2013 Stations	12/31/2013 Patients	12/31/2013 Utilization
Stoney Creek Dialysis	9115 S. Cicero	Oak Lawn	0.8	2	2	12	64	88.9%
FMC Burbank	4811 W. 77th Street	Burbank	2.5	6	7	26	139	89.1%
DSI Scottsdale	4651 W. 79th Street, Unit 100	Chicago	2.8	7	8	35	148	70.5%
Mt. Greenwood Dialysis	3401 W. 111th St.	Chicago	3.5	8	9	28	149	88.7%
FMC Alsip	12250 South Cicero Avenue	Alsip	3.8	8	9	20	80	66.7%
FMC Evergreen Park	9730 South Western Avenue	Evergreen Park	3.1	9	10	30	157	87.2%
FMC South Side	3134 W. 76th Street	Chicago	3.5	9	10	39	207	88.5%
West Lawn Dialysis	7000 South Pulaski Road	Chicago	3.8	9	10	12	56	77.8%
Beverly Dialysis	8109 S. Western Avenue	Chicago	4.5	10	12	14	79	94.0%
FMC Merrionette Park	11650 S. Kedzie Avenue	Merrionette Park	4.5	11	13	24	103	71.5%
FMC Crestwood	4861-73 West Cal Sag Road	Crestwood	5.0	11	13	24	107	74.3%
FMC Marquette Park	6535 S. Western Ave	Chicago	5.4	13	15	16	87	90.6%
Direct Dialysis - Crestwood Care Center	14255 S. Cicero Ave.	Crestwood	6.3	14	16	7	40	95.2%
FMC Blue Island	12200 Western Avenue	Blue Island	6.1	15	17	24	128	88.9%
FMC Midway Dialysis	6201 W. 63rd St.	Chicago	6.0	15	17	12	71	98.6%
FMC Chatham Dialysis	8710 S. Holland Road	Chicago	6.4	16	18	16	61	63.5%
Total						**339**	**1,676**	**82.4%**