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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

February 17, 2015

Via Federal Express

Ms. Kathryn Olson
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Avenue, 2nd Floor
Springfield, Illinois 62761

Re: RCG Morris/Fresenius Medical Care Plainfield North (Proj. No. 14-065)

Dear Chair Olson:

I am a Division Vice President with DaVita HealthCare Partners Inc. ("DaVita"), and I oppose the proposed discontinuation of Morris Dialysis Center ("FMC Morris") and the establishment of Fresenius Medical Care Plainfield North ("FMC Plainfield North"). The discontinuation of Morris Dialysis Center will adversely affect DaVita's Morris facility. Additionally, the proposal to establish FMC Plainfield North was previously denied by the Illinois Health Facilities and Services Review Board (the "State Board") in February 2013. In the two years since that denial, there have been no significant changes to warrant another facility in Plainfield, particularly in light of the recently approved FMC Lemont facility. As in 2013, sufficient capacity within 30 minutes of the proposed FMC Plainfield North facility exists to accommodate the proposed pre-ESRD patients. Accordingly, DaVita respectfully requests the State Board to deny Fresenius Medical Care's ("Fresenius") application to discontinue Morris Dialysis Center and establish FMC Plainfield North.

1. Discontinuation of Morris Dialysis Center

The discontinuation of FMC Morris will adversely impact DaVita's Morris facility as it does not have capacity to accommodate the influx of patients from FMC Morris. Fresenius proposes to discontinue its existing 10-station Morris facility because it is operating below target utilization. (App p 40) The facility currently treats 14 patients who live approximately 20 minutes from FMC Morris. (App. p 83) Fresenius anticipates most of the existing FMC Morris patients will transfer to FMC Plainfield North, FMC Plainfield, FMC Ottawa or DaVita's Morris facility. As shown in Table 1 on the following page, DaVita's Morris facility is the closest facility for a majority of the existing FMC Morris patients. Based upon proximity to patients' residences, we anticipate at least 9 of the displaced FMC Morris patients will transfer to DaVita's Morris facility.

Table 1									
Existing Morris Patients									
Zip Code	Patients	FMC Plainfield		FMC Plainfield North		FMC Ottawa		DaVita Morris	
		Distance	Time	Distance	Time	Distance	Time	Distance	Time
60410	1			16	20	35	41	14	21
60416	2	24	31	28	34	37	45		
60444	2	31	39	36	43	33	39		
60447	3			16	23	34	35	14	17
60450	5	21	28	27	32	22	26		
61341	1	37	43	43	47			17	21

Currently, our Morris facility is operating at 61 percent utilization (or 33 patients). Over the past three years, utilization has increased nearly 75 percent (or 25 percent annually). Assuming utilization continues to increase at this rate, DaVita's Morris facility will reach 78 percent utilization by 2016, when the FMC Morris facility is scheduled to close. If all of the projected FMC Morris patients transfer to DaVita's Morris facility, utilization will increase to 94 percent, significantly above the State Board's target utilization rate of 80%. Importantly, this

facility cannot expand, and DaVita will need to relocate its Morris facility, at significant expense, to accommodate the influx of Fresenius patients.

2. Existing Facilities have Capacity to Accommodate Projected Patients

Fresenius states the purpose of the project is to address maldistribution within HSA 9 and relocate the 10 stations from an underutilized facility to an area with limited access and overutilization. (App p 74) Fresenius identified 9 facilities within 30 minutes of the proposed FMC Plainfield North site. (App p 90) Only 3 of the 9 (or 33%) existing facilities are operating above the State's 80% utilization standard. (See Table 2) Collectively, the 9 existing facilities are operating at 69.0% utilization and can accommodate over 300 additional ESRD patients. Excluding the FMC Lemont facility, which is not yet operational, utilization of the remaining 8 facilities increases to 74.4%, which is below the State Board's 80% utilization standard. Further, the 8 facilities can accommodate up to 237 additional ESRD patients.

Table 2				
Existing Facility Utilization				
	Stations	Patients	Utilization	Available Capacity
FMC Plainfield	16	80	83.3%	16
DaVita West Joliet	29	124	71.3%	50
U.S. Renal Bolingbrook	13	45	57.7%	33
Fox Valley Dialysis	29	129	74.1%	45
FMC Bolingbrook	24	120	83.3%	24
FMC Lemont	12	0	0.0%	72
FMC Naperbrook	16	79	82.3%	17
Sun Health	17	54	52.9%	48
FMC Oswego	10	56	93.3%	4
Total	166	687	69.0%	309
Total --Excluding FMC Lemont	154	687	74.4%	237

Further, many of these facilities have capacity to accommodate the proposed referrals to FMC Plainfield North and are closer to the patients' zip code of residence. (See Table 3).

Table 3

Pre-ESRD Patients

		FMC Plainfield	FMC Plainfield North	DaVita West Joliet	Sun Health	FMC Lemont	US Renal Bolingbrook	FMC Bolingbrook	Fox Valley Dialysis	FMC Naperbrook	FMC Oswego
Zip Code	Pts.	Time	Time	Time	Time	Time	Time	Time	Time	Time	Time
60446	32	18	15	20	18	13			25	15	32
60447	13		26	18	18	37	27	27	31	31	28
60543	1	19	20	31	37	39	25	25	11	21	
60544	13	9		15	20	18	11	11	17	14	22
60585	2	13		21	25	25	14	14	10	13	17
60586	48		10	10	17	29	20	20	21	23	23

For patients residing in the 60446 zip code U.S. Renal Bolingbrook and FMC Bolingbrook, which were operating at 57.7% and 83.3% utilization respectively as of December 31, 2014, are closer than the proposed FMC Plainfield North. Further, U.S. Renal Bolingbrook and FMC Bolingbrook can collectively accommodate up to 57 additional patients (U.S. Renal Bolingbrook – 33 additional patients; FMC Bolingbrook – 24 additional patients). Accordingly, there is sufficient capacity closer to the patients' residences.

Similarly, FMC Plainfield is closer to patients residing in the 60447 zip code and can accommodate up to 16 additional patients. While Fresenius has identified 13 pre-ESRD patients from this zip code, it is unlikely all 13 patients will require dialysis within two years of project completion based upon Fresenius' projected attrition rate.

FMC Oswego is the closest facility to the sole pre-ESRD patient residing within the 60543 zip code. While FMC Oswego is operating at 93.3% utilization, it can accommodate an additional patient. If FMC Oswego is not an option, Fox Valley Dialysis, which is 11 minutes from zip code 60543, is operating at 74.1% utilization and could accommodate this patient.

While the proposed FMC Plainfield North is the closest facility to the 13 pre-ESRD patients residing in zip code 60544, all 9 existing facilities are within 30 minutes of this zip code, and 5 of the existing facilities are within 15 minutes of the 60544 zip code. Collectively, these

facilities can accommodate 140 additional patients, and DaVita West Joliet, which is 15 minutes from zip code 60544 and operating at 71.3% utilization, can accommodate all 13 pre-ESRD patients and not exceed the State Board's 80% utilization standard.

Likewise, while the proposed FMC Plainfield North facility is closest to the two pre-ESRD patients residing in the 60585 zip code, these patients can be accommodated by Fox Valley Dialysis, which is 10 minutes from the 60585 zip code.

FMC Plainfield is the closest facility to pre-ESRD patients residing in zip code 60586. While FMC Plainfield does not have sufficient capacity to accommodate all 48 pre-ESRD patients, 4 of the existing facilities are within 20 minutes of zip code 60586 and collectively can accommodate up to 155 additional patients. Moreover, DaVita West Joliet and Sun Health, which are 10 minutes and 17 minutes respectively from zip code 60586 can accommodate up to 98 additional patients (DaVita West Joliet – 50 patients, Sun Health – 49 patients). Accordingly, there is sufficient capacity within the immediate area to accommodate the 48 identified pre-ESRD patients.

3. FMC Lemont

On November 14, 2014, the State Board approved Fresenius' application to establish a 12-station dialysis facility in Lemont, Illinois. The FMC Lemont facility is located within 30 minutes of the zip code of residence of 95 (or nearly 90%) of the projected FMC Plainfield North patients. Importantly, Kidney Care Center is the primary referring nephrology group for both the FMC Lemont and FMC Plainfield North projects, and the Kidney Care Center physicians should have privileges at both facilities. (See App pp 81-88, FMC Lemont App pp 51-58) Given it can take up to two years for a new dialysis facility to reach target utilization and the two facilities, which can serve the same patient bases, are anticipated to open within three months of each other, establishment of FMC Plainfield North is not the best use of scarce health care resources.

4. FMC Plainfield North

A variation of this project has previously been before the State Board and was denied. In May 2012, Fresenius submitted an application for a 12-station facility at the same location as the proposed FMC Plainfield North with the same primary referring nephrology group. (See Proj. No. 12-047 App. pp 4, 51-58). The application received an intent to deny at the September 12, 2012 State Board Meeting and received a final denial at the February 5, 2013 State Board meeting. In voting to deny the application, Board members cited Planning Area need, maldistribution, unnecessary duplication of services, and excess stations. (See Feb. 5, 2013

HFSRB Transcript p 195). As shown in Table 4 below, there has been no significant change in utilization among the existing facilities to merit adding another dialysis facility to the Plainfield area. As with the previous application, there is no need for the proposed FMC Plainfield North, particularly in light of the recent approval of the FMC Lemont facility. Accordingly, the State Board should deny the application to establish a 10-station dialysis facility in Plainfield.

Table 4							
Existing Facility Utilization							
		Mar-13			Dec-14		
	Stations	Patients	Utilization	Available Capacity	Patients	Utilization	Available Capacity
FMC Plainfield	16	76	79.2%	20	80	83.3%	16
DaVita West Joliet	29	131	75.3%	43	124	71.3%	50
U.S. Renal Bolingbrook	13	26	33.3%	52	45	57.7%	33
Fox Valley Dialysis	29	130	74.7%	44	129	74.1%	45
FMC Bolingbrook	24	125	86.8%	19	120	83.3%	24
FMC Lemont	12	0	0.0%	72	0	0.0%	72
FMC Naperbrook	16	0	0.0%	96	79	82.3%	17
Sun Health	17	54	52.9%	48	54	52.9%	48
FMC Oswego	10	40	66.7%	20	56	93.3%	4
Total	166	582	58.4%	414	687	69.0%	309
Total less Non-Operational Facilities	138	582	70.3%	246	687	74.4%	237

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DaVita opposes Fresenius' proposed project to discontinue FMC Morris and establish a new facility in Plainfield. Discontinuation of FMC Morris will adversely impact DaVita's Morris facility and a new facility in Plainfield is not warranted at this time. DaVita respectfully requests the State Board to deny this project.

Sincerely,

Penny Davis

Penny Davis
Division Vice President
DaVita Healthcare Partners, Inc.