STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 •(217) 782-3516 FAX: (217) 785-4111

DOCKET NO: I-01	BOARD MEETING: June 5, 2018	PROJECT NO: 17-014	PROJECT COST:
FACILITY NAME: Rutgers Park Dialysis		CITY: Woodridge	Original: $4,092,376
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (DaVita Inc., DuPage Medical Group, ltd., and Perryton Dialysis, LLC) propose to establish a 12-station ESRD facility in 6,858 GSF of leased space located at 8455 Woodward Avenue, Woodridge, Illinois. The cost of the project is $4,092,376 and the completion date is June 30, 2019.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (DaVita Inc., DuPage Medical Group, ltd., and Perryton Dialysis, LLC) propose to establish a 12-station ESRD facility in 6,858 GSF of leased space located at 8455 Woodward Avenue, Woodridge, Illinois. The cost of the project is $4,092,376 and the completion date is June 30, 2019.
- This application for permit received an Intent to Deny at the September 26, 2017 State Board Meeting. Within 14-days of the State Board's decision the Applicants informed the State Board that n**o additional information** would be submitted to address the Intent to Deny. Subsequently, this Application was deferred from the November 2017, January 2018, February 2018 and the April 2018 State Board Meetings. State Board rule allows an Applicant that receives an Intent to Deny to defer a project up to 12-months from the date of the Intent to Deny [77 ILAC 1130.640 (c) (2)]
- In April 2018 the Applicants notified the State Board Staff that there was an error in the Original Application for Permit that affected the population size of the 30-minute service area. On April 30, 2018 the Applicants provided responses to questions from the State Board Staff and provided revised zip code and population information that increased the population of the 30-minute service area provided in the Original Application for Permit. State Board Staff review of the revised 30-minute service area confirmed the Applicants contention that the original submittal was incorrect. State Board Staff had relied upon the zip code and population information that was provided in the Original Application for Permit to reach the conclusion that there was a surplus of ESRD stations in the 30-minute service area. The original submittal had used a 10-mile radius to determine the population instead of a 30-minute radius.
- The Board **Staff Notes** this correction is considered a Modification of an Application that is allowed by rule until a final decision is rendered by the State Board [77 ILAC 1130.650 a)].
- State Board Staff questions were a follow-up to the questions posed by the Board Members at the September 26, 2017 and April 17, 2018 State Board Meetings. These questions concerned the following:
    1. DMG's nephrologists lack of access to information from the Fresenius ESRD facilities;
    2. The meaning of the term innovative;
    3. DaVita's status as the sole provider of dialysis service to IlliniCare Patients; and
    4. The Applicants status as it relates to the State of Illinois Managed Care Contracts (April 17, 2017 State Board Meeting).
- The Transcripts from the September 26, 2017 Meeting, the Original State Board Staff Report and the Additional Information provided by the Applicants have been included as a separate attachment to this report.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants propose to establish a health care facility as defined by the Illinois Health Facilities Planning Act. (20 ILCS 3960/3)

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but none was requested. Support and opposition comments were received as well as comments on the September 2017 Original State Board Staff Report. [See Appendix I]

SUMMARY:

- There is a calculated need for 49 ESRD stations in the HSA VII ESRD Planning Area, per the April 2018 ESRD Inventory Update.
- The physician referral letter identified 154 pre-ESRD patients that reside within 20 minutes of the proposed facility. The Applicants believe 64 of these patients will require dialysis within 2-years after opening if the proposed project is approved. It does appear that the Applicants will be providing services to residents of the planning area, and based upon the number of physician referrals there appears to be sufficient demand for the number of stations requested.
- The Original State Board Staff Report (September 2017) noted that there was a calculated excess of 2-stations in the HSA VII ESRD Planning Area. Along with a surplus of the stations in the 30-minute service area the State Board Staff Report found that the Applicants had not successfully addressed 77 ILAC 1110.1430 (c) – Planning Area Need and 77 ILAC 1110.1430 (d) - Unnecessary Duplication of Service/Maldistribution of Service. At that September 2017 State Board Meeting the State Board approved a new 5-year population projection and a revised ESRD Station Need for all State Planning Areas resulting in a calculated need for 51-ESRD Stations in the HSA VII ESRD Planning Area. **(See: Inventory of Health Care Facilities and Services and Need Determinations (9/1/2017)**
- Based upon the State Board Staff's review of the additional information provided by the Applicants, the Revised Station Need approved by the State Board at the September 2017 State Board Meeting, and the State Board's projected growth in the population and in the number of dialysis patients in this planning area, it appears that the Applicants have successfully met the requirements of the State Board.
- All of the remaining criteria have been successfully addressed as reported at the September 2017 State Board Meeting. The Applicants are financially viable and the project is economically feasible as stated in the Original State Board Report. Only the two criteria that were not successfully addressed at the September 2017 State Board Meeting will be addressed in this supplemental report.
- The Applicants addressed a total of 21 criteria and have successfully met them all.

SUPPLEMENTAL
STATE BOARD STAFF REPORT
Project #17-014
Rutgers Park Dialysis

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants (s)	DaVita Inc., DuPage Medical Group, ltd., and Perryton Dialysis, LLC
Facility Name	Rutgers Park Dialysis
Location	8455 Woodward Avenue, Woodridge, Illinois
Permit Holder	DaVita Inc., DuPage Medical Group, ltd., and Perryton Dialysis, LLC
Operating Entity	Perryton Dialysis, LLC
Owner of Site	National Shopping Plazas, Inc
Description	Establish a twelve (12) station ESRD facility
Total GSF	6,858 GSF
Application Received	March 28, 2017
Application Deemed Complete	March 29, 2017
Review Period Ends	July 27, 2017
Financial Commitment Date	June 30, 2019
Project Completion Date	June 30, 2019
Project Received an Intent to Deny	September 26, 2017
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (DaVita Inc., DuPage Medical Group, ltd., and Perryton Dialysis, LLC) propose to establish a twelve station (12) ESRD facility in 6,858 GSF of leased space located at 8455 Woodward Avenue, Woodridge, Illinois. The cost of the project is $4,092,376 and the completion date is June 30, 2019.

II. Summary of Findings

A. State Board Staff finds the proposed project in conformance with the provisions of Part 1110.

B. State Board Staff finds the proposed project in conformance with the provisions of Part 1120.

III. General Information

The Applicants are DaVita Inc., DuPage Medical Group, ltd., and Perryton Dialysis, LLC. DaVita Inc, a Fortune 500 company, is the parent company of DaVita Kidney Care and HealthCare Partners, a DaVita Medical Group. DaVita Kidney Care is a leading provider of kidney care in the United States, delivering dialysis services to patients with chronic kidney failure and end stage renal disease. DaVita serves patients with low incomes, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons in its facilities in the State of Illinois.

DuPage Medical Group, Ltd. (DMG, Ltd.) is a multi-specialty physician practice that provides a broad range of outpatient services. The main office is in Downers Grove, Illinois, with 66 satellite offices throughout the western suburbs of Chicago, predominantly DuPage County, Illinois. DMG, Ltd. was incorporated as a medical corporation in the state of Illinois in July 1968 and is a for-profit, taxable corporation. DMG, Ltd. has 479 physicians, of which 396 are shareholders, as of December 31, 2015.

Perryton Dialysis LLC d/b/a as Rutgers Park Dialysis is a Delaware limited liability corporation jointly owned by DaVita, Inc. and DuPage Medical Group, ltd.

Financial commitment will occur after permit issuance. This project is a substantive project subject to a Part 1110 and 1120 review.

IV. State of Illinois Managed Care Contracts

The Applicants provided the following:

All patients who have worked the requisite number of quarters (equivalent to 10 years) are eligible for Medicare if they are diagnosed with end stage renal disease (ESRD). Consistent with that fact, the published HFSRB data for 2016 for DuPage County shows that the 10 Fresenius/NANI clinics operating in DuPage County treated a total of 15 Medicaid patients or an average of 1.5 patients per year per clinic compared with 862 Medicare patients in those 10 clinics for the same period.

- DVA = DaVita Inc
- DMG = DuPage Medical Group

For Option A – Statewide
- Blue Cross Blue Shield of Illinois (Both DVA and DMG participate)
- Harmony Health Plan (DVA participates)
- IlliniCare Health Plan (DVA participates)
- Meridian Health (DVA participates)
- Molina Healthcare of IL (DVA in negotiations to participate)

For Option B – Cook County Only
- CountyCare Health Plan (DVA participates)
- NextLevel Health. (Neither DVA or DMG participates)

For DCFS Youth
- IlliniCare Health Plan (DVA participates)

Each of DaVita and DMG participate in a range of insurance plans, including Medicare and Medicaid plans (HealthChoice Illinois and Medicare-Medicaid Alignment Initiative Plans (MMAI)) as identified above. While DMG providers do not participate in all Medicaid managed care plans, the plan it does participate in reflects the population it serves and the plan that is most in demand in DuPage County. Just under half of the HealthChoice beneficiaries residing in DuPage County are enrolled in the Blue Cross Medicaid products that DMG is enrolled in. Further, in their provision of services at the various area hospitals, DMG physicians regularly treat Medicaid patients who are not

routinely seen by them as assigned patients without expectation of reimbursement for providing that care. [Source: Email dated 5/8/2018]

V. Project Costs and Sources of Funds

The Applicants are funding the project with cash of $2,227,103 and the FMV of leased space of $1,865,273. The operating deficit and start-up costs are $2,437,336.

TABLE ONE
Project Costs and Sources of Funds

	Reviewable	Total	% of Total Cost
New Construction	$1,405,039	$1,405,039	34.33%
Contingencies	$110,000	$110,000	2.68%
Architectural and Engineering Fees	$108,867	$108,867	2.66%
Consulting and Other Fees	$70,902	$70,902	1.73%
Movable or Other Equipment	$532,295	$532,295	13.00%
FMV of Leased Space	$1,865,273	$1,865,273	45.57%
Total	$4,092,376	$4,092,376	100.00%
Cash		$2,227,103	54.43%
FMV of Leased Space		$1,865,273	45.57%
Total		$4,092,376	100.00%

VI. Health Planning Area

The proposed facility will be located in the HSA VII ESRD Planning Area. The HSA VII ESRD Planning Area includes Suburban Cook and DuPage County. As of April 2018 there is a calculated need for 49 ESRD stations in this ESRD planning area. As can be seen by the Table Two below the State Board is projecting an increase in the population in this ESRD Planning Area of 1.22% and an increase in the number of dialysis patients of approximately 28% for the period 2015 thru 2020.

TABLE TWO	
Need Methodology HSA VII ESRD Planning Area	
Planning Area Population – 2015	3,466,100
In Station ESRD patients -2015	5,163
Area Use Rate 2013 (1)	1.472
Planning Area Population – 2020 (Est.)	3,508,600
Projected Patients – 2020 (2)	5,163
Adjustment	1.33x
Patients Adjusted	6,590
Projected Treatments – 2020 (3)	1,071,219
Existing Stations	1,381
Stations Needed-2018	1,430
Number of Stations Needed	**49**

1. Usage rate determined by dividing the number of in-station ESRD patients in the planning area by the 2015 – planning area population per thousand.
2. Projected patients calculated by taking the 2020 projected population per thousand x the area use rate. Projected patients are increased by 1.33 for the total projected patients.
3. Projected treatments are the number of patients adjusted x 156 treatments per year per patient

VII. In-Center Hemodialysis Projects

A) Criterion 1110.1430 (c) - Planning Area Need

To demonstrate compliance with this criterion the Applicants must document that the number of stations to be established or added is necessary to serve the planning area's population.

1) 77 Ill. Adm. Code 1100 (Formula Calculation)

To demonstrate compliance with this sub-criterion the Applicants must document that the number of stations to be established is in conformance with the projected station need.

There is a calculated need for 49 ESRD stations in the HSA VII ESRD Planning Area per the April 2018 Revised Station Need Determinations.

2) Service to Planning Area Residents

To demonstrate compliance with this sub-criterion the Applicants must document that the primary purpose is to serve the residents of the planning area.

The Applicants state that DuPage Medical Group's patient base includes over 3,529 CKD patients, with 155 CKD patients that reside within 15 minutes of the proposed site for Rutgers Park Dialysis. Conservatively, based upon attrition due to patient death, transplant, return of function, or relocation, DMG anticipates that at least 61) of these patients will receive nephrology care through DuPage Medical Group and initiate dialysis at the proposed facility within 12 to 24 months following project completion. It appears that all patients will reside in the HSA VII ESRD Planning Area.

Zip Code	City	County	HSA	# of Patients
60517	Woodridge	DuPage	7	27
60516	Downers Grove	DuPage	7	12
60561	Darien	DuPage	7	10
60565	Naperville	DuPage	7	12
Total				61

3) Service Demand – Establishment of In-Center Hemodialysis Service

To demonstrate compliance with this sub-criterion the Applicants must document that there is sufficient demand to justify the twelve stations being proposed.

The Applicants submitted one referral letter for all four projects. For each project **different patients** were identified by zip code of residence that the Applicants believe will utilize the proposed facility. Per the referral letter Drs. Barakat, Delaney, Mataria, Rawal, Samad, and Shah, treated 60 end stage renal disease ("ESRD") patients in 2013, 55 ESRD patients in 2014, 107 ESRD patients in 2015, and 105 ESRD patients in 2016. The physicians referred 37 new patients for in-center hemodialysis in 2015 and 31 new patients in 2016. According to the referral letter DuPage Medical Group, Ltd. currently has 3,529 pre-ESRD patients that have chronic renal disease Stage 3, Stage 4 and Stage 5.

The Applicants provided the number of historical referrals by zip code of residence and have identified the facilities that the patients were referred. Additionally the Applicants have provided the number of new patients by zip of residence and the facilities that the patients were referred as required. The Applicants are projecting 61 patients will utilize the proposed facility should this project be approved. No patients were identified as being transferred from existing facilities should this project be approved. [See Tables below]

TABLE THREE
Historical Referrals

	2013	2014	2015	2016
DaVita Mount Greenwood	52	54	53	63
DaVita Hazel Crest Renal Center			1	1
DaVita Olympia Fields Dialysis	2	2	4	5
DaVita Palos Park Dialysis	4	7	8	6
DaVita Stony Creek Dialysis	2	4	6	9
FMC Alsip			12	4
FMC Blue Island			10	5
FMC Burbank			9	8
FMC Mokena			2	0
FMC Orland Park				1
Kidney and Hypertension Associates			3	1
	60	67	105	102

1. Kidney and Hypertension Associates referrals were not accepted for 2015 and 2016 because the facility is not a certified ESRD facility.

TABLE FOUR
New Referrals

	2015	2016
DaVita Mount Greenwood Dialysis	23	18
DaVita Hazel Crest Renal Center	2	1
DaVita Olympia Fields Dialysis	4	1
DaVita Palos Park Dialysis	4	4
DaVita Stony Creek Dialysis	4	5
DaVita Renal Center New Lenox		2
Total	37	31

Projected Referrals require the following information:

i) The physician's total number of patients (by facility and zip code of residence) who have received care at existing facilities located in the area, as reported to The Renal Network at the end of the year for the most recent three years and the end of the most recent quarter;

ii) The number of new patients (by facility and zip code of residence) located in the area, as reported to The Renal Network, that the physician referred for in-center hemodialysis for the most recent year;

iii) 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;

iv) An estimated number of existing patients who are not expected to continue requiring in-center hemodialysis services due to a change in health status (e.g., the patients received kidney transplants or expired);

v) The physician's notarized signature, the typed or printed name of the physician, the physician's office address and the physician's specialty;

vi) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services; and

vii) Each referral letter shall contain a statement attesting that the information submitted is true and correct, to the best of the physician's belief.

The Applicants provided the necessary information at pages 181-199 of the application for permit. From the referral letter it appears that there is sufficient demand (patient population) to justify the number of stations being requested.

5) Service Accessibility

To demonstrate compliance with this sub-criterion the Applicants must document that the number of stations being established or added for the subject category of service is necessary to improve access for planning area residents. The applicant must document one of the following:

i) The absence of the proposed service within the planning area;
ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;
iii) Restrictive admission policies of existing providers;
iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;
iv) For purposes of this subsection (c) (5) only, all services within the 30-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

1. There is no absence of the proposed service in the planning area as there are 76 dialysis facilities in the HSA VII ESRD Planning Area (Suburban Cook and DuPage County).
2. There has been no evidence of the access limitations due to payor status of patients.
3. There has been no evidence of restrictive admission policies of existing providers.
4. There has been no evidence that the area population and existing care system exhibits indicators of medical care problems.
5. There are 38 facilities within 30 minutes with an average utilization of approximately 65%. Four of the ESRD facilities are in the 2-year ramp-up. Nocturnal Dialysis Spa has not averaged above 5% utilization since opening and is not being considered in this analysis. The remaining 33 facilities the average utilization is approximately 73%. [See Table Below]

In summary, it appears there is demand for the proposed facility based upon the physician referral letter provided by the Applicants. It also appears that these pre-ESRD patients reside within the HSA VII ESRD Planning Area. The State Board has calculated a need for 49 ESRD stations in the HSA-7 ESRD planning area by 2020 based upon the projected increase of 1.2% in the population in DuPage and Suburban Cook County and the expected increase in the number of dialysis patients of 28% as referenced above (See Section VI above). The increase in the number of dialysis patients has been approximately 4.7% annually for the period 2013 to 2017 in this planning area. Historically, the increase in the number of

dialysis patients has been approximately 3% annually. Based upon these factors there appears to be a need for the proposed facility.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.1430 (c) (1) (2) (3) and (5))

TABLE FIVE

Facilities within thirty (30) minutes of the proposed project

Name	City	County	Adjusted Minutes (1)	HSA	Stations (2)	Utilization (3)	Star Rating(4)	Met Standard
FMC Bolingbrook	Bolingbrook	Will	10.35	9	24	82.64%	4	Yes
USRC Bolingbrook Dialysis	Bolingbrook	Will	12.65	9	13	80.77%	2	Yes
USRC Oak Brook Dialysis	Downers Grove	DuPage	12.65	7	13	80.77%	2	Yes
FMC Dialysis Services of Willowbrook	Willowbrook	DuPage	14.95	7	20	60.00%	3	No
Fresenius Medical Care Naperbrook	Naperville	Will	17.25	9	24	70.83%	5	No
Fresenius Medical Care Lombard	Lombard	DuPage	17.25	7	12	68.06%	4	No
FMC - Downers Grove Dialysis Center	Downers Grove	DuPage	19.55	7	16	66.67%	3	No
FMC Elmhurst	Elmhurst	DuPage	20.7	7	28	66.07%	5	No
Fresenius Medical Care of Naperville-North	Naperville	DuPage	21.85	7	21	61.11%	3	No
FMC – Westchester	Westchester	Suburban Cook	21.85	7	22	56.06%	4	No
Renal Center New Lenox	New Lenox	Will	23	9	19	96.49%	3	Yes
FMC - Glendale Heights	Glendale Heights	DuPage	23	7	29	72.41%	5	No
Fresenius Medical Care Plainfield North	Plainfield	Will	23.75	9	10	58.33%	3	No
NxStage Oak Brook	Oak Brook	Suburban Cook	24.15	7	8	37.50%	3	No
Chicago Ridge Dialysis	Worth	Suburban Cook	24.15	7	16	51.04%	NA	No
Loyola Dialysis Center	Maywood	Suburban Cook	25.3	7	30	81.67%	3	No
Silver Cross Renal Center West	Joliet	Will	27.4	9	29	68.39%	4	No
Aurora Dialysis Center	Aurora	Kane	27.6	8	24	93.91%	4	Yes
FMC - Elk Grove	Elk Grove Village	Suburban Cook	27.6	7	28	80.95%	4	Yes
FMC - Central DuPage	West Chicago	DuPage	27.6	7	16	68.75%	5	No
FMC – Alsip	Alsip	Suburban Cook	27.6	7	20	68.33%	3	No
FMC – Crestwood	Crestwood	Suburban Cook	27.6	7	24	61.11%	3	No
U.S. Renal Care Villa Park Dialysis	Villa Park	DuPage	28.75	7	13	89.74%	4	Yes
Fresenius Medical Center of Plainfield	Plainfield	Will	28.75	9	16	77.08%	5	Yes
Palos Park Dialysis	Orland Park	Cook	28.75	7	12	73.61%	2	No
Fresenius Medical Care Cicero	Cicero	Cook	28.75	7	16	73.96%	5	No

TABLE FIVE

Facilities within thirty (30) minutes of the proposed project

Name	City	County	Adjusted Minutes (1)	HSA	Stations (2)	Utilization (3)	Star Rating(4)	Met Standard
Fresenius Medical Care River Forest	River Forest	Cook	28.75	7	22	65.91%	3	No
Oak Park Kidney Centers, LLC	Oak Park	Suburban Cook	28.75	7	18	91.67%	3	No
DaVita - Stony Creek	Oak Lawn	Suburban Cook	29.9	7	14	97.62%	3	Yes
FMC Melrose Park	Melrose Park	Suburban Cook	29.9	7	18	74.07%	3	No
Fresenius Medical Care Joliet	Joliet	Will	29.9	9	18	62.69%	3	No
Fox Valley Dialysis Center	Aurora	Kane	29.9	8	29	83.91%	5	Yes
DaVita Sun Health	Joliet	Will	29.9	9	17	61.76%	5	No
Total Stations/Average Utilization					**639**	**72.24%**		
Nocturnal Dialysis Spa (6)	Villa Park	Suburban Cook	21.55	7	12	0.00%	2	
Fresenius Medical Care Lemont	Lemont	Cook	9.2	7	12	34.72%	NA	
Fresenius Kidney Care East Aurora	Aurora	Kane	24.25	8	12	1.39%	NA	
US Renal Care Hickory Hills	Hickory Hills	Cook	25.3	7	13	0.00%	NA	
Fresenius Medical Care Summit	Summit	Cook	19.55	7	12	47.22%	NA	
Total Stations/Average Utilization					**700**	**64.93%**		

1.Adjusted time taken from Map Quest and adjusted per 1.15 per 77 ILAC 1100.510 (d)
2. Stations as of March 31, 2018
3. Utilization for the 1st Quarter of 2018
4. Star Rating taken from Medicare Website
5. NA – Not Available
6. Nocturnal Dialysis Spa has not been above 5% utilization since opening.

B) Criterion 1110.1430 (d) - Unnecessary Duplication/Mal-distribution

To demonstrate compliance with this criterion the Applicants must document that the proposed project will not result in

1. **An unnecessary duplication of service**
2. **A mal-distribution of service**
3. **An impact on other area providers**

1. To determine if there is an unnecessary duplication of service the State Board identifies all facilities within 30 minutes and ascertains if there is existing capacity to accommodate the demand identified in the application for permit. There are 38 facilities within 30 minutes with an average utilization of approximately 65%. Four of the ESRD facilities are in the 2-year ramp-up period. Nocturnal Dialysis Spa has not averaged above 5% utilization since opening and is not being considered in this analysis. For the remaining 33 facilities the average utilization is approximately 73%.

2. To determine a mal-distribution (i.e. surplus) of stations in the thirty (30) minute service area the State Board compares the ratio of the number of stations per population in the thirty (30) minute service area to the ratio of the number of stations in the State of Illinois to the population in the State of Illinois. To determine a surplus of stations the number of stations per resident in the thirty minute service area must be 1.5 times the number of stations per resident in the State of Illinois.

TABLE SIX (Modification)
Ratio of Stations to Population

	Population	Stations	Ratio
30 Minute Service Area	1,451,458	700	1 Station per every 2,074 resident
State of Illinois (2015 est.)	12,978,800	4,745	1 Station per every 2,736 resident

The population in the 30 minute service area is 1,451,458 residents. The number of stations in the 30 minute service area is 700. The ratio of stations to population is one station per every 2,074 resident. The number of stations in the State of Illinois is 4,745 stations *(as of April 2018).* The 2015 estimated population in the State of Illinois is 12,978,800 residents (*Illinois Department of Public Health Office of Health Informatics Illinois Center for Health Statistics -2014 Edition).* The ratio of stations to population in the State of Illinois is one station per every 2,736 resident. To have a surplus of stations in this 30 minute service area the number of stations per population would need to be one station per every 1,824 resident. Based upon this methodology there is not a surplus of stations in this service area.

Original State Board Analysis

The State Board Staff's initial finding regarding this criterion was based upon the surplus of stations in the 30-minute service area. To have a surplus of stations in this 30-minute service area the ratio would be one station for every 1,888 resident. As can be seen in the Table below in this 30-minute service area there is one

station per every 1,867 resident. That ratio is greater than the 1.5 times the State of Illinois ratio of one station per every 2,831 resident.

TABLE SIX
Ratio of Stations to Population

	Population	Stations	Ratio
30 Minute Service Area	1,291,630	692	1 Station per every 1,867 resident
State of Illinois (2015 est.)	12,978,800	4,585	1 Station per every 2,831 resident

3. The Applicants stated the following regarding the impact on other facilities.
"The proposed dialysis facility will not have an adverse impact on existing facilities in the GSA. As discussed throughout this application, the utilization of ICHD (in-center hemo-dialysis) *facilities operating for over 2 years and within 30 minutes of the proposed Rutgers Park Dialysis is 71.6%. 1,381 in-center hemodialysis patients reside within 30 minutes of the proposed facility and this number is projected to increase. The proposed facility is necessary to allow the existing facilities to operate at an optimum capacity, while at the same time accommodating the growing demand for dialysis services. As a result, the Rutgers Park Dialysis facility will not lower the utilization of area provider below the occupancy standards. Excluding the 5 facilities that are not yet open / operational for 2 years, there are 33 existing dialysis facilities that have been operating for 2 or more years within the proposed 30 minute GSA for Rutgers Park Dialysis. As of December 31, 2016, the 33 facilities were operating at an average utilization of 71.6%. Based upon June 2016 data from The Renal Network (the most current data available), there were 1,381 in-center hemodialysis patients residing within 30 minutes of the proposed Rutgers Park Dialysis, and that number is projected to increase."*

Summary

As was detailed in the Executive Summary the original application did not adjust the 30-minute radius by the allowed adjustment of 15%. When that adjustment was applied the population within the 30 minute service area increased by 159,828 [1,451,458-1,291,630 = 159,828] and the number of stations increased from 688 to 700 an increase of 12 stations. Based upon the revised information there is not a surplus of ESRD stations in this 30-minute service area.

While there are facilities within 30 minutes of the proposed facility not currently at target occupancy it would appear given the calculated number of stations needed and the State Board's projected growth of over 5% per annum for period 2015 thru 2020 in this ESRD Planning Area that the proposed stations are warranted.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE, MALDISTRIBUTION OF SERVICE IMPACT ON OTHER FACILITIES (77 ILAC 1110.1430(d)(1), (2) and (3))

APPENDIX I
SUPPORT AND OPPOSITION LETTERS

Letters of support were received from:

- State Senator John Curran stated:
  "I am writing to express support of the Certificate of Need requests filed by DaVita Inc. and DuPage Medical Group, Ltd. ("DMG") for the development of new facilities to provide life-sustaining dialysis treatment, education, and support for patients with kidney disease. An estimated 1.1 million people are living with kidney disease in Illinois, and as many as 900,000 may not even know they have it. The proposed projects will ensure that these communities are equipped to handle this growing health crisis. DaVita and DMG are leaders within the medical community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative practices. Currently, DMG patients who require dialysis services may be removed from DMG's continuum of care. Through the development of the proposed facilities, patients will remain within DMG's continuum of care, allowing the providers to optimize patient health and outcomes. In addition to the patient health benefits, the communities will benefit from the creation of construction and facility operation jobs. With a record of responsible growth and management, DaVita and DMG will ensure these facilities serve as an economic catalyst for years to come. In accordance with the ethical principles outlined in Part 2 of the Illinois Governmental Ethics Act, I have evaluated these requests and have determined that they will serve the public interest of the citizens of the 41st Legislative District. As such, I respectfully request that the Illinois Health Facilities & Services Review Board consider the positive impact of these joint venture developments and approve these projects."

- State Senator Tom Cullerton stated
  "I am writing to express support of the Certificate of Need requests filed by DaVita Inc. and DuPage Medical Group, Ltd. ("DMG") for the development of new facilities to provide life-sustaining dialysis treatment , education , and support for patients with kidney disease. An estimated 1.1 million people are living with kidney disease in Illinois, and as many as 900,000 may not even know they have it. The proposed projects will ensure that these communities are equipped to handle this growing health crisis. DaVita and DMG are leaders within the medical community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative practices. Currently, DMG patients who require dialysis services may be removed from DMG's continuum of care. Through the development of the proposed facilities, patients will remain within DMG's continuum of care, allowing the providers to optimize patient health and outcomes. In addition to the patient health benefits, the communities will benefit from the creation of construction and facility operation jobs. With a record of responsible growth and management, DaVita and DMG will ensure these facilities serve as an economic catalyst for years to come. For these reasons, I respectfully request that the Illinois Health Facilities & Services Review Board consider the positive impact of these joint venture developments and approve these projects."

- **Eight (8) additional letters of support** were submitted after the September 2017 Intent to Deny from the following individuals:
  - Ravi Nemivant, MD
  - Mohamad Barakat, M.D.
  - Yazan Alia, M.D.
  - Doreen N. Ventura, M.D.
  - Ankit Rawal, DO
  - M. A. Samad, MD
  - Dominador Estrada – patient
  - Janis Sladek – patient

  Dominador Estrada – patient stated in part:
  "I am a dialysis patient going on my second year of treatment. Dr. Mathew Philip of DuPage Medical Group is my primary care physician through the BreakThrough Care Center. DuPage Medical Group and their BreakThrough Care Center make a big difference in my life. Dr. Philip has taken care of me for over ten years, helping me hold off dialysis treatment for a long time as my kidney stones degraded my health..

As a retired registered nurse, I have been both a giver and receiver of medical care. I worked for 32 years at Cook County Hospital in Chicago. With all my experience, I believe in the care provided by DuPage Medical Group. They provide excellent care coordination for complex patients. They are now asking for the opportunity to collaborate with DaVita and develop high-quality dialysis treatment centers within DuPage County."

Janis Sladek – patient stated in part

*"I am a diabetic patient who ended **up** on dialysis two and a half years ago. I have many frustrations with my current dialysis partner Fresenius Medical Care. I have had four (4) hospitalizations directly attributed to my dialysis care. I once passed out during a dialysis treatment and was bleeding from my access site. The nurse and lab technician woke me **up,** stopped my bleeding, and sent me home in a cab. When I arrived home five minutes later, I collapsed on the front lawn. My daughter-in-law called an ambulance and I required two pints of blood at the hospital. Another time, I was at dialysis when it took the staff 18 tried over 30 minutes to read my blood pressure. By the time an accurate reading was obtained my blood pressure was at 217. I found out later that the Fresenius nurse had called DuPage Medical Group and increased my blood pressure medication without my knowledge or my knowledge or that of the doctors on her staff. In contrast to my dialysis service, my patient care for all my other needs is through DuPage Medical Group. With integrated care records and coordination of services across medical specialties, DuPage Medical Group does an excellent job of coordinating my care and arranging for my treatments on a regular basis. Dr. Krouse, my primary care physician, does an excellent job managing my kidney disease, diabetes, and health complications."*

Generally the physician support letters reflected the following: *"I can personally attest to the success of DMG's care model and commitment to innovation for our patients and providers, For example, our Electronic Health Record allows DMG physicians to have access to patients' medical history and physician progress notes across multiple subspecialties, This allows DMG physicians to have better understanding of their patients' healthcare needs and avoids unnecessary testing, prescriptions and adverse treatments. Our Electronic Health Record is an invaluable asset that allows DMG physicians to provide high quality care to all of their patients.*

To enable our physicians, DMG has invested in robust administrative support to provide integrated care across specialties, leveraging access to patient data to increase quality, improve outcomes, and keep physicians and patients closely connected to each level of care that composes the complete picture of a patient's health. We have tools and protocols that make scheduling and appointment functions easier for patients, increasing their adherence to treatment plans and the monitoring of their health.

In partnership with DaVita, I believe DMG can offer dialysis patients an improved model of care. Patients with end-stage renal disease are among the most complex within the entire health care spectrum. Currently, most dialysis care is segregated from the rest of a patient's continuity of care, with patient records often difficult to obtain for timely care coordination by primary care physicians and other specialists that can assist with optimal renal treatment plans. I hope DMG and DaVita are afforded an opportunity to implement innovations for dialysis care within the community."

Additional letters of support were received on May 15, 2018 by the State Board from the following individuals all urging the State Board to approve the proposed project.

- Aimee Musial, Administrator Wynscape Health and Rehabilitation
- Kara Murphy, President of DuPage Health Coalition and Access DuPage
- John Vrba, Chief Executive Office Burgess Square Healthcare and Rehab Centre
- Laura Coyle, Executive Director West Suburban Community Pantry
- Kenneth Pawola, Chief Operating Officer, RML Specialty Hospital
- Erik Johnson, Vice President, Easter Seals DuPage & Fox Valley
- Mikel S. Briggs, President & CEO Little Friends
- Jenifer Fabian, Executive Director, People's Resource Center
- Jim Delaney, Owner, SpeedPro Imaging DuPage
- Dezirae Rios, Property Manager of Woodridge Horizon Senior Living Community

Letters of Opposition were received from:

- **Dr. Hsien-Ta Fang, stated in part:**
  "I also oppose on the expansion of these providers into the ESRD continuum of care. This Board should not overlook the media reports reflecting this group does not prioritize patients ahead of profits. As a former nephrologist with DMG I can attest that the model is based on frequent unnecessary referrals that put stress on the patient and cause the health care system unnecessary expense, Patients that never needed a referral to a Nephrologist were told they needed to see one. This caused sleepless nights and worry in many families in DuPage County. I suspect this behavior might be driven by the enormous debt DMG has to venture capitalists, over $1.2 billion based on media reports. DaVita has recently paid the People of the United States more than one billion in fines. The charges mostly related to cheating tax payers by over charging for medicine and inappropriately incenting physicians to support their dialysis units, in effect usurping patient choice. Although DaVita paid the fines they still do not own up to culpability."

- **Scott Schiffner stated in part:**
  "Moreover, this is not the business to invite into this marketplace. This Board should not overlook the media reports reflecting this group does not prioritize patients ahead of profits. DMG is a big medicine group who recently sold 70% of their interests for $1.4 billion to a venture capital firm to enter the dialysis market together in Illinois and will not increase patient choice but rather limit it. DaVita maintains it profit margins by offering the lowest cost care and DMG's model is based on frequent referrals to specialists. DMG will capture both necessary and unnecessary referrals and put stress on the health care system in northern Illinois. The early referrals that this healthcare scheme requires to satisfy their internal metrics (and investment banker partners) alarms patients and tends to lead to over utilization of the system, further harming patients. One of the considerations is whether the services already exist in the area and if the establishment of the facility will harm existing providers. The answers are Yes and Yes. If you review the catchment area of this project, you will notice it overlaps the three other projects these to corporate giants want to develop despite the fact that there is no indication of need. If the board allows these unneeded units to proceed it will dilute the dialysis and technician work force and the quality of dialysis care will decline adversely affecting the care thousands in northern Illinois. Availability of staffing is a fundamental issue to this industry and further challenges cannot be withstood."

- **Lori Wright, Senior CON Specialist**, Dr. Mohamed Rahman, Dr. Anus Rauf, Dr. Gregory Kozeny and Dr. David Schlieben stated in part:
  "There is currently an excess of 2 stations in HSA 7. The Applicants have also submitted 3 additional applications for ESRD facilities in HSA 7 to be heard at the September 26, 2017 Board meeting (#17-014, #17-015 and #17-016). Along with these projects they have submitted a 5th application for an ESRD facility in HSA 7, which is also a partnership with DuPage Medical Group (#17-029), to be heard at the

November meeting. This amounts to a request for 56 total stations in an area where there is no need per your inventory. Even if there will be a need for stations in HSA 7 after the next need determination, approving 56 stations to come on line at the same time in one HSA, within 30-minutes travel time, will flood the market rather than incrementally adding clinics to adjust to evidenced and projected growth of ESRD. It also seems that the applicant is using the same CKD base to justify all four units as the support letter uses the same number of CKD patients for all projects. Applicant also does not count approved facilities in their analysis of need. Dialysis projects are approved by the board and not yet completed. Approving these unnecessary projects will put strain on the health care delivery system. The approval of the Geneva Crossing facility, along with any of the other 4 mentioned applications, will create unnecessary duplication maldistribution of services across HSA 7. There are under-utilized facilities of various providers in close proximity to each project that would be negatively impacted."

Opposition Letters submitted after the Intent to Deny

Nephrology Associates of Northern Illinois (NANI) stated:

We believe the HFSRB continues to serve a vital role in lowering healthcare costs and most importantly ensuring access to care for those who need it most. There is an abundance of access to quality dialysis care in HSA 7. The approval of these project will ce1tainly create more under-utilization at facilities which leads to increased costs without improving the quality of care to patients.

When you consider the evidence the applicant has provided:

It is seeking to establish 6 facilities in the same HSA (4 of our which are being considered at the November meeting)

It is an HSA in which many of the existing facilities are under-utilized and have capacityThe "future patients" overlap in their zip codes, undermining claims these are unique patients, The same patients are being used to justify multiple applications; and

That the existing patients are currently being provided quality care by area physicians at existing facilities (this is best evidenced by the fact that the patients who testified at the last meeting about the great ESRD care they did want to lose, may have been a DMG primary care patients, but their ESRD care is provided by NANI). Clearly, any claim the existing process is insufficient is untrue.

The result of this evidence is:

- *Despite their claims to the contrary when before the Board, their proposal expressly reveals they are intending to take these patients away.*
- *This will not harm area providers is unsupportable because their plan is to take these patients away;*
- *Claims that it will not reduce the utilization of existing providers is not supportable because it is designed to do just that;*

The result will be additional underutilized facilities - the exact opposite of the Board's mandate.

Fresenius Kidney Care in a letter received on April 6, 2018 stated in part:

Murer Consultants, in a letter dated October 6, 2017, indicated the applicants planned to submit additional information and appear before the Board. In a subsequent letter dated October 23, 2017 Murer Consultants stated the applicants will "not" submit additional information, but maintained their request to appear before the Board. We note that the applicants deferred consideration of the application to the June Board meeting, most likely in anticipation of submitting additional information. At this point, the 60-day allowance to submit additional material has more than passed since the initial October 6th letter referenced

previously. Given this, not to mention the applicants' statement in its October 23, 2017 letter stating that no additional material would be submitted, the applicants should not be allowed to submit additional materials for this application. In sum, Fresenius Kidney Care will object to any attempt by the applicants to submit additional or supplemental information into the administrative record on this project.