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December 18, 2017

Via Federal Express

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

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Fresenius Kidney Care Springfield East (Project No. 17-024)

Dear Ms. Olson:

I am a Vice President with DaVita Inc. ("DaVita"), and I want to reiterate DaVita's opposition to the above-referenced project to establish a 9-station dialysis facility in Springfield, Illinois. As stated in our August 25, 2017 letter, there is no need for a new 9-station dialysis facility in Springfield, and approval of the proposed facility will result in unnecessary duplication and maldistribution of dialysis services within HSA 3. Furthermore, none of the existing dialysis facilities within 30 minutes of the proposed Fresenius Kidney Care Springfield East ("FMC Springfield East") are operating above the Illinois Health Facilities and Services Review Board ("State Board") utilization standard nor trending to exceed target utilization in the near future. For these reasons, DaVita respectfully requests the State Board deny Fresenius Kidney Care's application for a 9 station dialysis facility.

1. No Need for Additional Stations

There is no need for the proposed dialysis facility in the Springfield service area. There is currently an excess of 24 stations in HSA 3, one of the largest station excess of any health service area in Illinois. Accordingly, the addition of 9 stations will create an even greater excess (33 stations) in the HSA.

Last year, the State Board approved DaVita's application to relocate its Springfield Central facility. In determining whether to expand Springfield Central, DaVita analyzed the historical utilization of the existing facilities within HSA 3. Given the underutilization of the existing facilities coupled with the limited growth in the service area, DaVita concluded additional stations were not needed at that time. Since approval of the Springfield Central relocation last September, the area facilities have experienced moderate growth despite a contrary assertion.

Fresenius' assertion that there could be 88 patients within the next two years based on one quarter of growth is flawed. Utilization is cyclical and growth is not constant as Fresenius infers in its calculation. To more accurately project utilization, the historical data used to calculate such projections should be for a number of years no less than the number of years projected. Total growth from September 2015 to September 2017 was 6.25% (or 16 patients). Applying this two year growth rate to the September 2017 census only yields 296 patients. Importantly, there is sufficient capacity among the existing Springfield dialysis facilities to accommodate Dr. Nicolas Foreror's projected referrals.

Facility	Number of Stations 09/30/17	Number of Patients 9/30/2015	Number of Patients 9/30/17	Number of Patients 9/30/19	Utilization % 9/30/19	Capacity 09/30/19
FMC Centre West Springfield	16	73	71	69	71.93%	27
GAMBRO Healthcare - Montvale	17	65	69	73	71.81%	29
GAMBRO Healthcare - Springfield	21	88	87	86	68.26%	40
Springfield South	12	30	45	68	93.75%	4
FMC Springfield East GSA	66	256	272	296	74.70%	100

2. Maldistribution of In-Center Hemodialysis Stations

Further, a maldistribution of in-center hemodialysis stations exists within HSA 3, and this proposed project will only exacerbate the maldistribution. As of the November 8, 2017 update to ESRD Services, there are presently 179 stations in HSA 3, 72 stations (or 40% of the stations) are located within the geographic service area of the proposed FMC Springfield East.¹ In contrast, according to September 30, 2017 data from The Renal Network, 32% of the ESRD patients reside within the proposed FMC Springfield East geographic service area.² Adding 9 stations in Springfield will increase the maldistribution of hemodialysis services within HSA 3.

¹ IL HEALTH FACILITIES SERVS. REVIEW BD., IL. DEPARTMENT PUB. HEALTH, UPDATE TO OTHER HEALTH SERVS. INCLUDES ESRD, ASTC AND ALTERNATIVE MODELS (Nov. 8, 2017) *available at* <https://www.illinois.gov/sites/hfsrb/InventoriesData/MonthlyHCFInventory/Documents/OTHER%20SERVICES%20INVENTORY%20UPDATE%20November%208%202017.pdf> (last visited Dec. 18, 2017).

² The Renal Network: ESRD Network 10, Patients by Zip Code and County Report (June. 30, 2017) *available at* http://www.therenalnetwork.org/data/data_services.html (last visited Aug. 8, 2017).

3. Utilization of Existing Facilities

There are presently 5 dialysis facilities within 30 minutes of the proposed FMC Springfield East. Excluding Memorial Medical Center, which serves only high acuity patients, average utilization of the remaining 4 facilities, is only 68.7% and no facility is operating above the State Board's 80% utilization standard. Further, over the past two years the compound annual growth rate for the four Springfield area dialysis facilities was 3%. Assuming this historical growth trend continues, the projected utilization of the existing facilities as of September 2019 will increase to 74.7%, below the State Board's utilization standard. Finally, the four existing facilities collectively will be able to accommodate 100 additional patients, which is more than sufficient to accommodate Dr. Nicolas Forero's projected referrals.

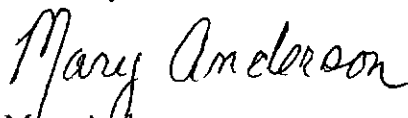
FMC states a purpose of the project is to improve access to preferred treatment times. As previously noted, no existing facility is currently operating at the State Board standard. There is shift availability at every DaVita Springfield dialysis facility and scheduling patients for their desired shift is not difficult. In fact, DaVita retains an open station for emergencies, e.g., patients who need to dialyze on a different shift to accommodate other obligations, transient patients, and other emergent cases. Finally, DaVita maintains an open medical staff, and Dr. Forero and Dr. Downer have privileges at the DaVita facilities in Springfield. There is no reason why their projected patients cannot be treated at any of the existing facilities in Springfield.

4. Service to Rural Patients

In its presentation at the September 26, 2017 State Board meeting, Fresenius claims the service area of the proposed FMC Springfield East is predominantly rural. While Fresenius will serve some rural patients, it is not a predominantly rural service area. In fact, 57 projected patients (or 81 percent) reside in Springfield. Further, 4 projected patients live in Chatham, 2 projected patients live in Sherman, and 1 projected patient lives in Dawson, which are on the outskirts of Springfield, less than 10 miles away.

DaVita opposes Fresenius Kidney Care's proposed project to establish a 9 station dialysis facility in Springfield, Illinois. There is currently no need and a new facility in Springfield will exacerbate the current maldistribution of in-center hemodialysis services. DaVita respectfully requests the State Board to deny this project

Sincerely,



Mary Anderson
Division Vice President
DaVita, Inc.