



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: March 5, 2019	PROJECT NO: 17-043	PROJECT COST: Original: \$4,115,927
FACILITY NAME: Romeoville Dialysis		CITY: Romeoville	
TYPE OF PROJECT: Substantive			HSA: IX

PROJECT DESCRIPTION: The Applicants (DaVita Inc. and Tovell Dialysis, LLC d/b/a Romeoville Dialysis) propose to establish a twelve station (12) ESRD facility in 7,000 GSF of leased space located at 480-490 North Independence Boulevard, Romeoville, Illinois. The cost of the project is \$4,115,927 and the completion date is October 31, 2020.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (DaVita Inc. and Tovell Dialysis, LLC) propose to establish a twelve station (12) ESRD facility in 7,000 GSF of leased space located at 480-490 North Independence Boulevard, Romeoville, Illinois (Will County). The cost of the project is \$4,115,927 and the completion date is October 31, 2020.
- This project was deemed complete (August 27, 2017) before the effective date of the new distance requirements (77 ILAC 1100.510(d)) became effective (March 7, 2018). Thus, while the new distance requirements allow for a Geographic Service Area (GSA) of 10-miles for a facility located in Will County, this Application is being reviewed with a GSA of 30 minutes, adjusted based on the location of the project and not the 10-mile radius.
- The Applicants were deferred from the January 2018 State Board Meeting and received an Intent to Deny at the April 17, 2018 State Board Meeting and were deferred from the June, July, October, December 2018 State Board Meetings and the January 2019 State Board Meeting. By rule (77 ILAC 1130.670 (d)) *“A project that has received an Intent to Deny and has been scheduled for HFSRB consideration can be deferred by the applicant. A notice of deferral may be provided in writing prior to the scheduled HFSRB meeting or be provided verbally at the HFSRB meeting. An applicant may not defer HFSRB consideration beyond an HFSRB meeting date that is more than 12 months from the date of the Intent to Deny.”*
- On April 30, 2018, the Applicants modified the project by providing revised zip code and population information that increased the population of the 30-minute service area provided in the Original Application for Permit. The State Board Staff review of the revised 30-minute service area confirmed the Applicants contention that the original submittal was incorrect. The State Board Staff had relied upon the zip code and population information that was provided in the Original Application for Permit. The original submittal had used a 10-mile radius to determine the population instead of a 30-minute radius.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants are proposing to establish a health care facility as defined by the Illinois Health Facilities Planning Act. (20 ILCS 3960/3)
- *This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. (20 ILCS 3960)*

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but none was requested. Letters of support and opposition were received by the State Board Staff and those comments are provided in Appendix I at the end of this report.

SUMMARY:

- The State Board has calculated an excess of 7-stations in the HSA IX ESRD Planning Area (Kendall, Grundy, Will, and Kankakee).
- As of January 2019 there are 22 facilities with 364 stations within the 30-minute GSA with 1,331 patients. Sixteen of the 18 facilities (89%) in this 30-minute GSA that have been in operation for two years or more after project completion are not at the target occupancy of 80% [see pages 15-16 of this report]. At the time of approval all of these 18 facilities attested that they would achieve and maintain the target occupancy of 80%. There is existing capacity at these 18 existing facilities that can accommodate the 65 pre-ESRD patients identified to require dialysis within 2 years after project completion.
- The current number of patients in the 30-minute GSA (1,331) justifies 277 stations at the 80% target utilization. It would require an increase of 5% compounded annually in the number of patients to justify the existing 364 stations at the State Board's target occupancy of 80% by 2025.

5% Annual Growth

Year	2019	2020	2021	2022	2023	2024	2025	2026
Patients	1,331	1,398	1,467	1,541	1,618	1,699	1,784	1,873
Stations	277	291	306	321	337	354	372	390

10% Annual Growth

Year	2019	2020	2021	2022	2023	2024	2025	2026
Patients	1,331	1,464	1,611	1,772	1,949	2,144	2,358	2,594
Stations	277	305	336	369	406	447	491	540

Criteria	Reasons for Non-Compliance
77 ILAC 1110.1430(c)(1), (2), (3) & (5) – Planning Area Need	There is a <u>calculated excess of 7-stations</u> in this planning area. There are 22 facilities within thirty (30) minutes with an average utilization of approximately 57%. Four of the 22 facilities are not operational, or are in ramp-up phase. Average utilization of these 18 facilities is 69%. Two of the 18 facilities are above the 80% threshold. [See report pages 13-16]
77 ILAC 1110.1430(d)(1), (2) and (3) - Unnecessary Duplication of Service, Mal-distribution of Service, Impact on Other Providers	There are 22 facilities within thirty (30) minutes with an average utilization of approximately 57%. The 18 remaining facilities have an average utilization of approximately 69%. Sixteen of these 18 facilities are not at target occupancy. [See report pages 17-18]

STATE BOARD STAFF REPORT
Project #17-043
Romeoville Dialysis

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	DaVita Inc. and Tovell Dialysis, LLC d/b/a Romeoville Dialysis
Facility Name	Romeoville Dialysis
Location	480-490 North Independence Boulevard, Romeoville, Illinois
Permit Holder	DaVita Inc. and Tovell Dialysis, LLC
Operating Entity	Tovell Dialysis, LLC
Owner of Site	TD Romeoville, LLC
Description	Establish a twelve (12) station ESRD facility
Total GSF	7,000 GSF
Application Received	August 23, 2017
Application Deemed Complete	August 25, 2017
Review Period Ends	December 23, 2017
Financial Commitment Date	March 5, 2020
Project Completion Date	October 31, 2020
Review Period Extended by the State Board Staff?	Yes
Can the Applicants request a deferral?	No
Received an Intent to Deny?	Yes (April 17, 2018)

I. Project Description

The Applicants (DaVita Inc. and Tovell Dialysis, LLC) are proposing to establish a twelve station (12) ESRD facility in 7,000 GSF of leased space located at 480-490 North Independence Boulevard, Romeoville, Illinois. The cost of the project is \$4,115,927 and the completion date is October 31, 2020.

II. Summary of Findings

- A. State Board Staff finds the proposed project is **not** in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project in conformance with the provisions of 77 ILAC 1120 (Part 1120).

III. General Information

The Applicants are DaVita Inc. and Tovell Dialysis, LLC d/b/a Romeoville Dialysis. DaVita Inc, a Fortune 500 company, is the parent company of Total Renal Care, Inc. and Tovell Dialysis, LLC. DaVita Inc. 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.

Tovell Dialysis, LLC d/b/a as Romeoville Dialysis is a Delaware limited liability corporation jointly owned by:

- DaVita, Inc. (51% Indirect)
- Total Renal Care, Inc. (51% Direct),
- DuPage Medical Group, Ltd. (24.5% Direct),
- Nephron Ventures LLC (24.5% Direct).

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

Project Costs and Sources of Funds

The Applicants are funding the project with cash of \$2,212,097 and the FMV of leased space of \$1,903,830. The operating deficit and start-up costs are \$2,511,640. All project costs are classified as clinical.

TABLE ONE			
Project Costs and Sources of Funds			
USE OF FUNDS	Reviewable	Total	% of Total
Modernization Contracts	\$1,354,426	\$1,354,426	32.91%
Contingencies	\$100,000	\$100,000	2.43%
Architectural/Engineering Fees	\$130,500	\$130,500	3.17%
Consulting & Other Fees	\$78,500	\$78,500	1.91%
Movable or Other Equipment (not in construction contracts)	\$548,671	\$548,671	13.33%
Fair Market Value of Leased Space & Equipment	\$1,903,830	\$1,903,830	46.26%
TOTAL USES OF FUNDS	\$4,115,927	\$4,115,927	100.00%
SOURCE OF FUNDS	Reviewable	Total	% of Total
Cash and Securities	\$2,212,097	\$2,212,097	53.74%
Leases (fair market value)	\$1,903,830	\$1,903,830	46.26%
TOTAL SOURCES	\$4,115,927	\$4,115,927	100.00%

IV. Health Planning Area

The proposed facility will be located in the HSA IX ESRD Planning Area. The HSA IX ESRD Planning Area includes Kendall, Grundy, Will, and Kankakee counties. As of January 2019 there is a calculated excess of 7 ESRD stations in this planning area.

TABLE TWO	
Need Methodology HSA IX ESRD Planning Area	
Planning Area Population – 2015	970,600
In Station ESRD patients -2015	1,086
Area Use Rate 2015 ⁽¹⁾	.977
Planning Area Population – 2020 (Est.)	1,111,300
Projected Patients – 2020 ⁽²⁾	1,086
Adjustment	1.33x
Patients Adjusted	1,444
Projected Treatments – 2020 ⁽³⁾	225,323
Existing Stations	308
Stations Needed-2018	301
Number of Stations Excess	7
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	

V. **Background of the Applicants**

A) **Criterion 1110.1430(b)(1)&(3) – Background of the Applicants**

An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. To demonstrate compliance with this criterion, the Applicants must provide

- A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- D) An attestation that the Applicants have not had *adverse action*³ taken against any facility owned or operated that they own.

³ “Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.” (77 IAC 1130.140)

1. The Applicants attested that there has been no adverse action taken against any of the facilities owned or operated by DaVita, Inc. and Tovell Dialysis, LLC during the three (3) years prior to filing the application. [Application for Permit page 69-70]
2. The Applicants have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the applicants' certificate of need to establish a twelve-station ESRD facility. The authorization includes, but is not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. [Application for Permit pages 69-70]
3. The site is owned by TD Romeoville LLC and evidence of this can be found at pages 31-41 of the application for permit in the Letter of Intent to lease the property at 480-490 North Independence Boulevard, Romeoville, Illinois.
4. The Applicants provided evidence that they were in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.*
5. The proposed location of the ESRD facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1).

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 ILAC 1110.1430(b)(1) & (3))

VI. Purpose of the Project, Safety Net Impact, Alternatives

A) Criterion 1110.230 – Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other area, per the applicant's definition.

According to the applicants:

“The purpose of the project is to improve access to life sustaining dialysis services to the residents of Romeoville, Illinois, and the surrounding area. There are 19 dialysis facilities within 30 minutes of the proposed Romeoville Dialysis. Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, average utilization of area dialysis facilities is 72.8%, or just below the State Board’s utilization standard of 80%. Furthermore, patient census among the existing facilities within the Romeoville Dialysis GSA has increased 6.9% since March 31, 2015. This growth is anticipated to

continue to increase for the foreseeable future due to the demographics of the community. Teresa Kravets, M.D., with Northeast Nephrology Consultants, Inc. (NENC), is currently treating 96 late stage CKD patients (Stage 4-5), who reside within 30 minutes of the proposed Romeoville Dialysis. Conservatively, based on attrition due to patient death, transplant, stable disease, or relocation away from the area, and in consideration of other treatment modalities (HHD and peritoneal dialysis), Dr. Kravets anticipates at least 58 of these 96 patients will initiate in-center hemodialysis within 12-24 months following project completion. DuPage Medical Group will also add 12 late-stage CKD patients in support of the application. Conservatively, based on attrition due to patient death, transplant, stable disease, or relocation away from the area and in consideration of other treatment modalities, it is anticipated that 7 of these 12 additional patients will initiate in-center dialysis within 12-24 months following project completion. Thus, a total of 65 patients (58 from NENC, 7 from DMG), will be expected to initiate in-center hemodialysis within 12-24 months following project completion. Based upon historical utilization trends, the existing facilities will not have sufficient capacity to accommodate Dr. Kravet's and DuPage Medical Group's combined projected ESRD patients."

A map of the market area was provided, which encompasses an approximate 30-minute radius around the proposed facility. The boundaries of this market area are identified below.

- 30 minutes north to Villa Park, IL (DuPage County)
- 30 minutes northeast to Lyons, IL (Cook County)
- 30 minutes east to Orland Park (Cook County)
- 30 minutes southeast to Mokena, IL (Will County)
- 30 minutes south to Rockdale, IL (Will County)
- 30 minutes southwest to Minooka, IL (Grundy/Kendall/Will Counties)
- 30 minutes west to Oswego, IL (Kendall County)
- 30 minutes northwest to Naperville, IL (DuPage/Will Counties)

B) Criterion 1110.230 (b) - Safety Impact Statement

To demonstrate compliance with this criterion the Applicants must document the safety net impact if any of the proposed project. *Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]*

DaVita stated the following:

DaVita Inc. and its affiliates are safety net providers of dialysis services to residents of the State of Illinois. DaVita is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and Kidney Smarting patients, and community outreach. DaVita led the industry in quality, with twice as many four and five-star centers than other major dialysis providers. DaVita also led the industry in Medicare's Quality Incentive Program, ranking number 1 in 3 out of 4 clinical measures and receiving the fewest penalties. DaVita has taken on many initiatives to improve the lives of patients suffering from CKD and ESRD. These programs include Kidney Smart, IMPACT, CathAway, and transplant assistance programs. Furthermore, DaVita is an industry leader in the rate of fistula use, and has the lowest 90-day catheter rates among large dialysis providers. During 2000-2014, DaVita improved its fistula adoption rate by 103%. Its commitment to improving clinical outcomes directly translated into 7% reduction in hospitalizations among DaVita patients. The proposed Romeoville Dialysis will not impact the ability of other health care providers or health care systems to cross-subsidize safety net services. The utilization of existing dialysis facilities within the Romeoville GSA that have been operational for at least 2 years is 72.8%. Further, patient census among the existing facilities within the Romeoville GSA has increased 6.9% since March 31, 2015. The growth is anticipated to increase for the foreseeable future due to demographics of the community and the U.S. Centers for Disease Control and Prevention that estimates that 15% of American adults suffer from CKD. Further, a total of 65 patients (58

from NENC, 7 for DMG), will be expected to initiate in-center hemodialysis within 12-24 months following project completion. Accordingly, the proposed dialysis facility will not impact other general health care providers' ability to cross-subsidize safety net services.

TABLE THREE

DaVita, Inc.

	2014	2015	2016
Net Patient Revenue	\$266,319,949	\$311,351,089	\$353,226,322
Amt of Charity Care (charges)	\$2,477,363	\$2,791,566	\$2,400,299
Cost of Charity Care	\$2,477,363	\$2,791,566	\$2,400,299
% of Charity Care/Net Patient Revenue	0.93%	0.90%	0.68%
Number of Charity Care Patients	146	109	110
Number of Medicaid Patients	708	422	297
Medicaid	\$8,603,971	\$7,381,390	\$4,692,716
% of Medicaid to Net Patient Revenue	3.23%	2.36%	1.33%

C) Criterion 1110.230 (c) – Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicants considered three (3) alternatives

A) Reducing the Scope and Size of Current Project

The Applicants considered, but ultimately rejected, an 8-station in-center hemodialysis facility. This was rejected due to the expected utilization, as documented throughout this proposal. The Applicants fully expect the facility to reach the required number of patients for a 12-station facility within two years. In order to establish a facility within the HSA proposed, the facility must not have less than eight stations, pursuant to 77 Ill. Adm. Code § 1110.1430(h). The physician's patient data and referral network exhibits a large number of expected patients from within 30 minutes of the proposed location. As a result of the expected referral numbers, the number of patients would quickly overcome the required utilization levels for an 8-station facility. Although the reduced number of stations would have reduced the size and cost of the proposed project, the Applicants came to the decision that a 12-station facility would ultimately better serve the patient population, as it would allow for the expected growth of patients to benefit from the facility. The alternative plan of only establishing an 8-station facility was therefore rejected by the applicants.

B) Utilize Existing Facilities

There are 19 dialysis facilities within Romeoville GSA. Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, average utilization of area dialysis facilities is 72.8%, or just below the State standard of 80%. Furthermore, patient census among the existing facilities within the Romeoville GSA has increased 6.9% since March 31, 2015. This growth is anticipated to continue to increase for the foreseeable future due to the demographics of the community and U.S. Centers for Disease Control and Prevention estimates that 15% of Americans adults suffer CKD. Dr. Teresa Kravets, M.D., with Northeast Nephrology Consultants, Inc., anticipates the referral of at least 58 of her 96 patients currently being treated for CKD. This, combined with 7 estimated referrals from DuPage Medical Group, results in an estimated 65 patients who will be expected to require dialysis treatment within 12-24 months after project completion. Based on these referral data, existing facilities will not have sufficient capacity to

accommodate Dr. Kravet's and DuPage Medical Group's combined projected ESRD patients. As a result, the Applicants rejected this option. There is no capital cost with this alternative.

C) Pursue a Joint Venture for the Establishment of a New Facility

DaVita, Inc., DuPage Medical Group, Ltd. and Northeast Nephrology Consultants, Inc., have entered into a joint venture agreement to combine resources and areas of expertise in order to offer the highest level of patient care. Given the historic growth of ESRD patients and the current utilization levels of area clinics, it is expected that area clinics will exceed the 80% utilization mark over the next few years. The Romeoville Dialysis facility is necessary to address this growth and allow existing facilities to operate at an optimum capacity. Further, without any current partnerships with existing in-center hemodialysis facilities, DaVita is seeking to collaborate with DMG and NENC on the proposed facility in order to increase access to care for individuals with ESRD, and address identified issues with care coordination and physician communication in the treatment of patients with kidney disease. The establishment of a 12-station dialysis facility will improve access to life-sustaining dialysis treatment for those individuals in the Romeoville community who suffer from ESRD. ESRD patients are typically chronically ill individuals and adequate access to dialysis services is essential to their well-being. As a result, the Applicants chose this option. The cost of this alternative is \$4,115,927.

D) Empirical Evidence

There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these measures has been directly linked to 15-20 percent fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into a 7 percent reduction in hospitalizations among DaVita patients, which resulted in more than \$1.5 billion in savings to the health care system and the taxpayer from 2010 -2012. Although not quantifiable by empirical data, the Applicants also anticipate the improvement of patient care and experiences through the development of the joint venture facility. Identified issues anticipated to be addressed include maintaining patients' continuum of care and resolving physician communication and care coordination deficiencies that are barriers to optimal care.

VII. Size of the Project, Projected Utilization, and Assurances

A) Criterion 1110.234(a) –Size of the Project

To demonstrate compliance with this criterion the Applicants must document that the size of the project is in conformance with State Board Standards published in Part 1110 Appendix B.

The Applicants are proposing a twelve (12) station ESRD facility in 7,000 GSF of clinical space or 583.3 GSF per station. This is within the State Board Standard of 650 GSF per station or a total of 7,800 GSF. The Applicants have successfully addressed this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.234(a))

B) Criterion 1110.234(b) – Projected Utilization

To demonstrate compliance with this criterion the Applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or

exceed the utilization standards specified in Part 1110 Appendix B. The number of years projected shall not exceed the number of historical years documented.

The Applicants are projecting sixty-five (65) patients by the second year after project completion.

Sixty-five (65) patients x 156 treatments per year = 10,140 treatments

Twelve (12) stations x 936 treatments available = 11,232 treatments

10,140 treatments/11,232 treatments = 90.2% ⁴

The Applicants have successfully addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.234(b))

C) Criterion 1110.234 (e) - Assurances

To demonstrate compliance with this criterion the Applicants submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

The necessary attestation is provided at pages 121-122 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.234(e))

IX. 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 excess of 7 ESRD stations in the HSA IX ESRD Planning Area per the January 2019 Revised Station Need Determination.

The Applicants provided additional information on February 8, 2018 stating that end-stage renal disease (ESRD) clinic utilization data demonstrates a growth trend in ESRD incidence and prevalence in Romeoville and the area immediately surrounding it and provides more detailed demographic data for the area which helps illustrate why the Romeoville location in Will County was selected for a new clinic site.

⁴ Assumes the proposed facility will operate six (6) days a week fifty-two (52) weeks a year three (3) shifts a day.

The Applicants stated that HSA IX ESRD Planning Area (Kendall, Grundy, Will, and Kankakee County) population has grown by 12.2% from 2013-2018 and the over 65-population has grown by 33.6% for this same time period. The Will County Population (the location of the proposed Romeoville facility) has grown by 12.9% over the same period (2013-2018) and the over age 65 populations by 34.3%. The patient count for the facilities within the patient service area has increased by 9 percent or from 395 patients to 431 since the September 30, 2017 through December 31, 2017. Annualized, this figure represents a 36% increase in patients.

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 primary purpose of the proposed project is to maintain access to life-sustaining dialysis services to the residents of Romeoville, Illinois and the surrounding communities. As evidenced in the physician referral letters, a combined total of one hundred-eight (108) late-stage pre-ESRD patients reside within 30 minutes of the proposed facility. The Applicants are projecting sixty-five (65) patients by the second year after project completion. The sixty-five patients will come from the zip codes identified below. It would appear that the proposed facility will provide dialysis services to the residents of the planning area.

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 have submitted two (2) referral letters, predicting that 108 patients from the service area will require dialysis services within 2 years of project completion (application for permit, pg. 82). Conservative estimates (based on attrition) has the number of referrals at sixty-five (65) patients requiring dialysis by the second year after project completion.

TABLE FOUR			
Zip Code	City	County	Patient #
60446	Romeoville	Will	8
60403	Crest Hill	Will	14
60490	Bolingbrook	Will	6
60544	Plainfield	Will	2
60435	Joliet	Will	15
60441	Lockport	Will	21
60439	Lemont	Cook	7
60586	Plainfield	Will	8
60431	Joliet	Will	4
60432	Joliet	Will	11
60491	Homer Glen	Will	2
60404	Shorewood	Will	10
Total			108

The Applicants provided the necessary information at page 82 of the application for permit. From the referral letter it appears that there is sufficient demand (patient population) to justify the proposed number of stations (12) being requested by this application for permit. However there are 16 existing facilities currently underutilized in this 30-minute GSA.

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 a calculated excess of 7 dialysis stations in the HSA IX ESRD Planning Area.
 - 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 are 22 facilities within thirty (30) minutes with an average utilization of approximately 57%. Four of the 22 facilities are not operational or are in “ramp-up” stage. For the 18 remaining facilities the average utilization is approximately 69%. of the 18 facilities (21%), are operating in excess of the State Board standard (80%). [See Table Below]

The State Board has estimated an excess of 7 ESRD stations in the planning area by CY 2020 based upon the estimated population and the historical usage rate in the planning area. Additionally there is not a service access issue in this planning area as there is existing facilities within the 30-minute service area not at target occupancy. Based on the information above the Applicants are not in compliance with this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION PLANNING AREA NEEDS (77 ILAC 1110.1430(c)(1), (2), (3) and (5)).

TABLE FIVE
Facilities within 30 minutes

Name	City	HSA	Stations	Adjusted Time ⁽¹⁾	# of Patients	Utilization ⁽²⁾	Star Rating ⁽³⁾	Meets Standard?
USRC Bolingbrook Dialysis	Bolingbrook	9	13	8.05	60	76.92%	2	No
FMC Bolingbrook Dialysis	Bolingbrook	9	24	11.5	108	75.00%	4	No
FMC Lemont (Completion 05/2016)	Lemont	7	12	11.5	31	43.06%	N/A	No
FMC Naperville	Naperville	9	24	18.4	107	74.31%	5	No
FMC Joliet	Joliet	9	18	19.5	85	78.70%	3	No
FMC Willowbrook	Willowbrook	7	20	19.5	75	62.50%	3	No
DaVita Renal Center New Lenox	New Lenox	9	19	20.7	113	99.12%	3	Yes
DaVita Renal Center West Joliet	Joliet	9	29	20.7	110	63.22%	4	No
FMC Plainfield	Plainfield	9	16	21.8	72	75.00%	5	No
FMC Plainfield North (Completion 11/2016)	Plainfield	9	10	20.7	42	70.00%	3	No
USRC Oak Brook	Downers Grove	7	13	23	55	70.51%	2	No
FMC Downers Grove	Downers Grove	7	16	25.3	68	70.83%	3	No
FMC Dialysis Center Orland Park	Orland Park	7	18	26.4	56	51.85%	4	No
Davita Sun Health Joliet	Joliet	9	17	26.4	60	58.82%	5	No
Fox Valley Dialysis Center	Aurora	8	29	28.7	144	82.76%	5	Yes
DaVita Palos Park Dialysis	Orland Park	7	12	28.7	38	52.78%	2	No
FMC Summit (Completion 11/2016)	Summit	7	12	28.75	50	69.44%	NA	No
FMC Mokena	Mokena	9	14	29.9	56	66.67%	3	No
Total Stations/Patients			316		1330	68.97%		
Davita Hickory Creek	Joliet	9	12	20	0	0.00%	NA	
Davita Rutgers Park	Woodridge	7	12	21	0	0.00%	NA	
Fresenius New Lenox	New Lenox	9	12	21	0	0.00%	NA	
FMC Woodridge (Completion 03/2019)	Woodridge	7	12	16.1	1	1.39%	NA	
Total Stations/Patients			364		1,331	56.49%		

TABLE FIVE
Facilities within 30 minutes

Name	City	HSA	Stations	Adjusted Time ⁽¹⁾	# of Patients	Utilization ⁽²⁾	Star Rating ⁽³⁾	Meets Standard?
1. Adjusted Time per 1100.510 (d) Map Quest Time x 1.15. 2. December 31, 2018 3. Star Rating taken from Medicare ESRD Compare Website								

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 thirty (30) minutes and ascertains if there is existing capacity to accommodate the demand identified in the application for permit. There are 22 facilities within thirty (30) minutes with an average utilization of approximately 57%. Four of the 22 facilities are not operational, or are in ramp-up phase. The 18 remaining facilities have an average utilization of approximately 69%. [See Table Above]
 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 (30) minute service area must be 1.5 times the number of stations per resident in the State of Illinois.

	Population	Stations	Ratio
30 Minute Service Area	1,142,723	364	1 Station per every 3,131 residents
State of Illinois (2015 est.)	12,978,800	4,943	1 Station per every 2,626 residents

The population in the thirty (30) minute service area is 1,142,723 residents. The number of stations in the (30) minute service area is 364 stations. The ratio of stations to population is one (1) station per every 3,131 residents.

The number of stations in the State of Illinois is 4,943 stations (*as of January 2019*). 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 (1) station per every 2,626 residents. To have a surplus of stations in this thirty (30) minute service area the number of stations per population would need to be one (1) station per every 1,751 residents. Based upon this methodology there is no surplus of stations in this service area.

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 Romeoville GSA. Based on March 2017 data from the Renal Network, 672 ESRD patients live within 30 minutes of the proposed facility. Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, average utilization of area dialysis facilities is 72.8%, or just below the State standard of 80%. 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 Romeoville Dialysis facility will not lower the utilization of area providers below the occupancy standards. Further, the three in-center hemodialysis facilities approved by the State Board within the last few years are either in development (FMC Woodridge), or operational less than two years (FMC Plainfield North, FMC Summit). Each facility will serve a distinct patient base within the greater southwest suburban area. As stated in the physician referral letters for these facilities, each physician projects to refer a sufficient number of patients to achieve 80% utilization by the second year after project completion.

There are 22 facilities within thirty (30) minutes with an average utilization of approximately 57%. Four of the 22 facilities are not operational, or are in ramp-up phase. The 18 remaining facilities have an average utilization of approximately 69%. Sixteen of the 18 (89%) facilities that have been in operation for two years or more after project completion are not at target occupancy. The Applicants are not in compliance with this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE, MALDISTRIBUTION OF SERVICE IMPACT ON OTHER FACILITIES (77 ILAC 1110.1430(d)(1), (2) and (3))

C) Criterion 1110.1430(f) - Staffing

To demonstrate compliance with this criterion the Applicants must document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and Joint Commission staffing requirements can be met.

The proposed facility will be staffed in accordance with all State and Medicare staffing requirements. The Medical Director will be Dr. Teresa Kravets, M.D. A copy of Dr. Kravets's curriculum vitae has been provided as required. Other Clinical Staff: Initial staffing for the proposed facility will be as follows:

- Administrator (1.04 FTE)
- Registered Nurse (4.53 FTE)
- Patient Care Technician (4.54 FTE)
- Biomedical Technician (0.29 FTE)
- Social Worker (licensed MSW) (0.57 FTE)
- Registered Dietitian (0.58 FTE)
- Administrative Assistant (0.84 FTE)

As patient volume increases, nursing and patient care technician staffing will increase accordingly to maintain a ratio of at least one direct patient care provider for every 4 ESRD patients. At least one registered nurse will be on duty while the facility is in operation. All staff will be training under the direction of the proposed facility's Governing Body, utilizing DaVita's comprehensive training program. DaVita's training program meets all State and Medicare requirements. The training program includes introduction to the dialysis machine, components of the hemodialysis system, infection control, anticoagulation, patient assessment/data collection, vascular access, kidney failure, documentation, complications of dialysis, laboratory draws, and miscellaneous testing devices used. In addition, it includes in depth theory on the

structure and function of the kidneys; including, homeostasis, renal failure, ARF/CRF, uremia, osteodystrophy and anemia, principles of dialysis; components of hemodialysis system; water treatment; dialyzer reprocessing; hemodialysis treatment; fluid management; nutrition; laboratory; adequacy; pharmacology; patient education, and service excellence. A summary of the training program was provided. Romeoville Dialysis will maintain an open medical staff.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1110.1430(f))

D) Criterion 1110.1430(g) - Support Services

To demonstrate compliance with this criterion the Applicants must submit a certification from an authorized representative that attests to each of the following:

- 1) Participation in a dialysis data system;
- 2) Availability of support services consisting of clinical laboratory service, blood bank, nutrition, rehabilitation, psychiatric and social services; and
- 3) Provision of training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training provided at the proposed facility, or the existence of a signed, written agreement for provision of these services with another facility.

The Applicants provided the necessary attestation as required at pages 107-108 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SUPPORT SERVICES (77 ILAC 1110.1430(g))

E) Criterion 1110.1430(h) - Minimum Number of Stations

To demonstrate compliance with this criterion the Applicants must document that the minimum number of in-center hemodialysis stations for an End Stage Renal Disease (ESRD) facility is:

- 1) Four dialysis stations for facilities outside an MSA;
- 2) Eight dialysis stations for a facility within an MSA.

The proposed twelve (12) station facility will be located in the Chicago-Arlington Heights-Naperville metropolitan statistical area ("MSA"). The Applicants have met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION MINIMUM NUMBER OF STATIONS (77 ILAC 1110.1430(h))

F) Criterion 1110.1430(i) - Continuity of Care

To demonstrate compliance with this criterion the Applicants document that a signed, written affiliation agreement or arrangement is in effect for the provision of inpatient care and other hospital services. Documentation shall consist of copies of all such agreements.

The Applicants provided the necessary signed affiliation agreement with Silver Cross Hospital, New Lenox, as required at pages 109-120 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CONTINUITY OF CARE (77 ILAC 1110.1430(i))

G) Criterion 1110.1430(k) - Assurances

To demonstrate compliance with this criterion the representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that:

- 1) By the second year of operation after the project completion, the applicant will achieve and maintain the utilization standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal; and
- 2) An applicant proposing to expand or relocate in-center hemodialysis stations will achieve and maintain compliance with the following adequacy of hemodialysis outcome measures for the latest 12-month period for which data are available:
 $\geq 85\%$ of hemodialysis patient population achieves urea reduction ratio (URR) $\geq 65\%$ and
 $\geq 85\%$ of hemodialysis patient population achieves Kt/V Daugirdas II 1.2.

The necessary attestation has been provided at pages 121-122 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.1430(k))

VIII. Financial Viability

A) Criterion 1120.120 – Availability of Funds

To demonstrate compliance with this criterion the Applicants must document that the resources are available to fund the project.

The Applicants are funding this project with cash in the amount of \$2,212,097 and a lease with a FMV of \$1,903,830. The Applicants attested that the total estimated project costs and related costs will be funded in total with cash and cash equivalents. A summary of the financial statements of the Applicants is provided below. The Applicants have sufficient cash to fund this project.

TABLE SIX			
DaVita Inc.			
Audited Financial Statements			
December 31st			
(in thousands)			
	2017	2016	2015
Cash	\$508,234	\$674,776	\$1,499,116
Current Assets	\$8,744,358	\$3,994,748	\$4,503,280
Total Assets	\$18,948,193	\$18,755,776	\$18,514,875
Current Liabilities	\$3,041,177	\$2,710,964	\$2,399,138
LTD	\$9,158,018	\$8,944,676	\$9,001,308
Patient Service Revenue	\$9,608,272	\$9,269,052	\$9,480,279
Total Net Revenues	\$10,876,634	\$10,707,467	\$13,781,837
Total Operating Expenses	\$9,063,879	\$8,677,757	\$12,611,142
Operating Income	\$1,812,755	\$2,029,710	\$1,170,695
Net Income	\$830,555	\$1,033,082	\$427,440

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1120.120)

B) Criterion 1120.130 - Financial Viability

To demonstrate compliance with this criterion the Applicants must document that they have a Bond Rating of “A” or better, they meet the State Board’s financial ratio standards for the past three (3) fiscal years or the project will be funded from internal resources.

The Applicants are funding this project with cash in the amount of \$2,212,097 and a lease with a FMV of \$1,903,830. The Applicants have qualified for the financial waiver.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)

IX. Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140(b) – Terms of Debt Financing

To demonstrate compliance with these criteria the Applicants must document that leasing of the space is reasonable. The State Board considers the leasing of space as debt financing.

The Applicants are funding this project with cash in the amount of \$2,212,097 and a lease with a FMV of \$1,903,830. The lease is for fifteen (15) years at a base rent of \$29.50/gsf for the first five (5) years, with a ten percent (10%) increase every five (5) years. It appears the lease is reasonable when compared to previously approved projects.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140(a) & (b))

C) Criterion 1120.140(c) – Reasonableness of Project Costs

To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable by the meeting the State Board Standards in Part 1120 Appendix A.

As shown below, the Applicants have met all of the State Board Standards published in Part 1120, Appendix A.

New Construction and Contingencies Costs are \$1,454,426 or \$207.77 per GSF for 7,000 GSF of clinical space. This appears reasonable when compared to the State Board Standard of \$278.19 per GSF, with 2018 listed as mid-point of construction.

Contingencies – These costs total \$100,000 and are 7.3% of the new construction costs identified for this project. This is in compliance with the State standard of 10%.

Architectural/Engineering Fees are \$130,500 and are 8.9% of new construction and contingencies. This appears reasonable when compared to the State Board Standard of 6.64% to 9.98%.

Consulting and Other Fees are \$78,500. The State Board does not have a standard for these costs.

Movable or Other Equipment – These costs are \$548,671 or \$45,722 per station (12 stations). This appears reasonable when compared to the State Board Standard of \$53,682 per station.

Fair Market Value of Leased Space and Equipment – These costs are \$1,903,830. The State Board does not have a standard for these costs.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))

D) Criterion 1120.140(d) – Projected Operating Costs

To demonstrate compliance with this criterion the Applicants must document the projected direct annual operating costs for the first full fiscal year at target utilization, but no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits and supplies for the service.

The Applicants are projecting \$247.70 operating expense per treatment. The State Board does not have a standard for these costs.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 ILAC 1120.140(d))

E) Criterion 1120.140(e) – Total Effect of the Project on Capital Costs

To demonstrate compliance with this criterion the Applicants must provide the total projected annual capital costs for the first full fiscal year at target utilization, but no more than two years following project completion. Capital costs are defined as depreciation, amortization and interest expense.

The Applicants are projecting capital costs of \$19.20 per treatment. The State Board does not have a standard for these costs.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC 1120.140(e))

Appendix I

Support and Opposition Comments

Northeast Nephrology Consultants stated in support

"I am writing to express support of the Certificate of Need request for the development of new In-Center Hemodialysis facility located at 480 - 490 North Independence Boulevard, Romeoville, Illinois 60446 to provide life-sustaining dialysis treatment, education, and support for patients with kidney disease. I am a physician that is board certified in Nephrology and currently practicing within the market area for this facility. As related within the application, there is an identified need for additional dialysis stations to serve an identified patient population. In-center hemodialysis care is a burdensome and time intensive process for patients. Through this facility, we can transform the lives of patients and their families by having more options in their dialysis care providers, locations, and treatment times. As you know, it is not a simple matter of having one time slot available for a patient, as patients often cannot receive dialysis at the times dictated by limited facility openings. The utilization rate of area facilities is over 72% and it is projected to continue increasing on an annual basis. This will lead to even more competition for dialysis stations by patients and complicate their already difficult lives. Ensuring patients have practical access to dialysis care is a mission we all have a responsibility to support within the community. In partnership with DaVita, DuPage Medical Group, and other minority investors, we can bring high- quality, integrated, and necessary care to the Romeoville and surrounding community. By leveraging the latest technology and care platforms, we will be offering patient-centered care on the forefront of dialysis care. With well-resourced partners, a local focus, and a care model seeking coordination across the metropolitan area, the proposed facility will be a positive step for patients suffering from renal disease and the providers that care for them. For these reasons, I ask that the Illinois Health Facilities & Services Review Board approve the dialysis facility application for the proposed Romeoville Dialysis facility."

Troutman & Dams LLC stated in support

"We offer our enthusiastic support for the DaVita Dialysis Project. Our firm, Troutman & Dams, has been working closely with the Village of Romeoville in the development of the Village's "Uptown" area. We have similarly worked with DaVita in finding a location for its facility that will be accessible and convenient for its patients. In working with DaVita we have come to understand that most dialysis patients receive treatment three times each week. This means traveling to the facility over 150 times per year. Obviously, access to transportation becomes very important to DaVita and its patients. What is particularly attractive about this site is the abundant availability of multiple modes of convenient transportation. The proposed facility is located on Illinois Route 53. For patients who drive, this major highway is the primary north/south route serving this area. The route links Joliet with Downers Grove, and communities in between such as Lockport, Romeoville and Bolingbrook. The proposed site will have ample free parking for patients. For those patients using mass transit, there is a Pace bus stop located only 900 feet from the DaVita site and accessed with a new 8 foot wide sidewalk. Metra has also recently opened a new station within one mile that can similarly serve this area. The site is also easily accessible through the Village's very affordable "Ride Around Town" program for residents. For those patients who desire, the facility is also located directly on a wide bike path that would go right past the DaVita door."

Appendix I

Support and Opposition Comments

Presence Saint Joseph Medical Center stated in support

“Presence Saint Joseph Medical Center has proudly served Romeoville and the southern suburbs area for over 100 years. The Romeoville community has grown significantly in recent years. Unfortunately, the percentage of people with chronic kidney disease is also rising. The population growth combined with the increased incident in kidney disease is creating greater need for dialysis services in the area. We are seeing an increased number of patients with kidney disease in our hospital as almost 15% of American adults suffer chronic kidney disease (CKD). We are fortunate to collaborate with many excellent nephrologists on our staff in caring for our patients with kidney disease. We are pleased that Dr. Teresa Kravets, the medical director of the proposed DaVita Romeoville facility, and many of the other nephrologists involved are members of our medical staff. We would value continuing to work with them in this new facility. An optimal care plan for patients with CKD includes strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. Early identification of CKD and deliberate treatment of end-stage renal disease (ESRD) by multidisciplinary teams leads to improved disease management and care, mitigating the risk of disease advancement and patient mortality. We believe we can work well with Dr. Kravets and DaVita in caring for their patients with kidney disease, and we support the Review Board's approval of DaVita Romeoville ESRD facility.”

Nephrology Associates of Northern Illinois, LTD stated in opposition

“Never in this history of the planning board have so many unnecessary dialysis stations been approved for a single operator in a defined geographic at one time. At the January Board meeting the Board will consider two applications by the Applicants for the first time, and will consider four other applications which already received an Intent to Deny. However, all of the applications have three things in common: (1) the lack of referral letters to justify the patient population for the facilities; (2) overlapping service areas; and (3) emphasis on market share instead of patient care. It is inexplicable that the Applicants would provide no new information to the Board regarding projects: #17-014 Rutgers Park Dialysis, #17-15 Stone Quarry, and #17-06 Salt Creek Dialysis. There are still substantial deficiencies that remain as evidenced by this letter and the staff report released for the November Board meeting and that justified the indent-to-deny that the applications received. Further, applications for project #17-029 Melrose Village Dialysis and 17-043 DaVita Romeoville Dialysis have identical deficiencies and introduce even more new problems that Board members cannot overlook. As simply as can be put - approving these projects would adversely alter the healthcare delivery system in this HSA in a way that is entirely inconsistent with the HFSRB at its rules. In an effort to help Board members visualize the issue with the applicant's proposal for 72 stations, we have created a map (Attachment A) which plots out each of the proposed facilities and creates a circle around a 10-mile service area per the Board's rule (77 Ill. Admin. 1110.1430.). This picture certainly is worth 1,000 words. You can clearly see how each of the proposed facility service areas completely overlaps with one another. There is only one way an applicant could explain this sort of unnecessary duplication of services. An applicant would have to be able to identify patients to fill these stations. But the Applicants cannot do that and have refused to comply with the Board's rules.

The applicant's referral letter included in these applications and referenced in the SBSR by the applicant's own admission do **not** meet HFSRB standards and serve as an indictment of the applicant's disregard for the HFSRB planning process. The HFSRB has in its possession six copies of the exact same letter (with the date changed on each), that word for word regurgitates the same flawed understanding the HFSRB planning process. It would alter longstanding practice to require referrals sufficient to justify a project - and even more so the express prohibition of utilizing the same patients to justify multiple projects. It is not clear how these "referrals" were accepted by Board staff- but they certainly should not be accepted by this

Appendix I

Support and Opposition Comments

Board. There have been instances in the past when the HFSRB has approved applications for new dialysis facilities with negative findings in an application. In many of those instances the applicant provided context for why they received a negative finding. After several public commenters's noted this important issue for the Board at the September Meeting, the Applicants responded to the elephant in the room but in the process only obfuscated the truth. The applicant's only explanation was that they expected to fill the facilities with "DMG patients and they are not patients of other providers at this time." With this one statement the Applicants managed to not only admit their inability to identify patients for these facilities but they also neglected to mention that some of the "DMG patients" are already seen by other area nephrologists, and those same patients receive dialysis treatments at facilities with excess capacity. The applicant's "innovative" approach for these stations is to plant a flag and siphon patients from existing providers. If you approve it, we will build it, and they will come is not innovative and certainly is not responsible health planning. This will undoubtedly put great strain on other area providers who currently have excess capacity in HSA 7, and undermine the cost savings achieved through the area's End Stage Renal Disease (ESRD) Seamless Care Organization (ESCO). This planning process is designed to protect against the very ill-conceived market saturation that the Applicants propose. A more practicable approach would be for the Applicants to withdraw their applications and assess where there is a true need in the HSA and then submit only necessary applications to this Board. For these reasons, we pray the HFSRB continue to deny these applications and allow for more organized development of ESRD services within these communities."

Juan Morado, Jr. Benesch, Friedlander, Coplan & Aronoff, LLP stated in part

The applicant's project reflects the continuation of a poorly planned hostile take-over of dialysis care in Illinois. This duo of Applicants has filed eight applications proposing to establish ESRD services in a Health Service Area already served by an abundance of providers. This signifies an all-out assault which would undermine the Board's mission with regards to health planning in our state. The reason for this is that these applications do not reflect a desire to serve patients that are without access to care, but rather to manipulate the service of those patients from quality existing providers to serve the financial needs of the applicants. This is exactly what the Certificate of Need program was designed to prevent. This application will greatly undermine the cost savings achieved by the nation's first ESRD Seamless Care Organization ("ESCO"), and the quality of patient care by oversaturating a planning area where the average utilization rate is a meager 67%.

This project was originally slated for consideration by the Board at your January 2018 meeting, but was deferred by the Applicants in an effort to delay what would have surely been an intent-to-deny by this Board. As you may recall during the January 2018 meeting, this Board was provided with a full and honest assessment of the applicant's quest to increase their market share. We would ask that the abundance of public comment, both in written form and in oral testimony before the Board, be incorporated by reference into this application file. This application would contribute to the unnecessary duplication of service and have a severe impact on other providers in violation of ILL. Admin. Code 1110.1430(d) (1) (3). You have heard the testimony from several of them. The greatest indication of this imbalance is evidenced by reviewing the utilization rate of other area facilities.

- There are nineteen (19) facilities in the planning area and only 30% or six (6) of those facilities are at the state's target utilization rate.
- Four (4) of the nineteen (19) area facilities are still ramping up, and have only been in service for a couple of months.

When taking a comprehensive review of the planning area where this project is proposed, it is clear that there are simply not enough patients to fill the existing stations in the planning

Appendix I Support and Opposition Comments

area. The only way this project will succeed is to syphon patients from existing providers to the benefit of the applicants. Nothing exhibits this better than the fact that these Applicants had patients testify to support related projects, and the only available patients were those already being provided with care by those existing providers who are opposing these projects. The applicant's also continue use the same stale "referral" letter for several projects that was submitted to support their other projects. This letter cites unidentified patients from the same zip code multiple times- in a clear violation of Board rules that prohibit the same referral to support multiple projects. This project proposes to serve patients in the same overlapping geographic area that the applicant's five (5) other projects propose to serve. The Applicants have already admitted before the Board that they do not know where their patients will come from and they are asking the Board to abandon rational health planning in favor of an "if you build it they will come" mentality. This was not enough for the Board members to approve the applicant's project in September, it wasn't enough in January, and it should certainly not be enough in February. As noted above, this application is part of a larger bundle of applications filed by the applicant, to have this Board approve the largest number of dialysis stations at one time to a single provider in Illinois CON history. There is something wrong with these proposals and the applicant knows it. The five (5) other applications were deferred again by the Applicants to the April 2018 agenda in a pointless attempt to delay their inevitable final denial by this Board. Nothing has changed since this application was last slated to be considered by the Board. The obvious is still true. There is **NO** need for these stations in HSA 9. It is not problematic for these Applicants to repeatedly come before this Board to propose ESRD facilities, because they do not have ESRD patients they are busy caring for. The providers opposing these projects do have to care for such patients. The fact that the dozens of people previously opposing these projects may not make every meeting to which these projects are strategically deferred should not undermine the opposition, its validity, and the prior denials of these projects. For these reasons, we pray that the Board continue to deny this application and allow for a more organized development of ESRD services within this community.

- There are nineteen (19) facilities in the planning area and only 30% or six (6) of those facilities are at the state's target utilization rate.
- Four (4) of the nineteen (19) area facilities are still ramping up, and have only been in service for a couple of months.

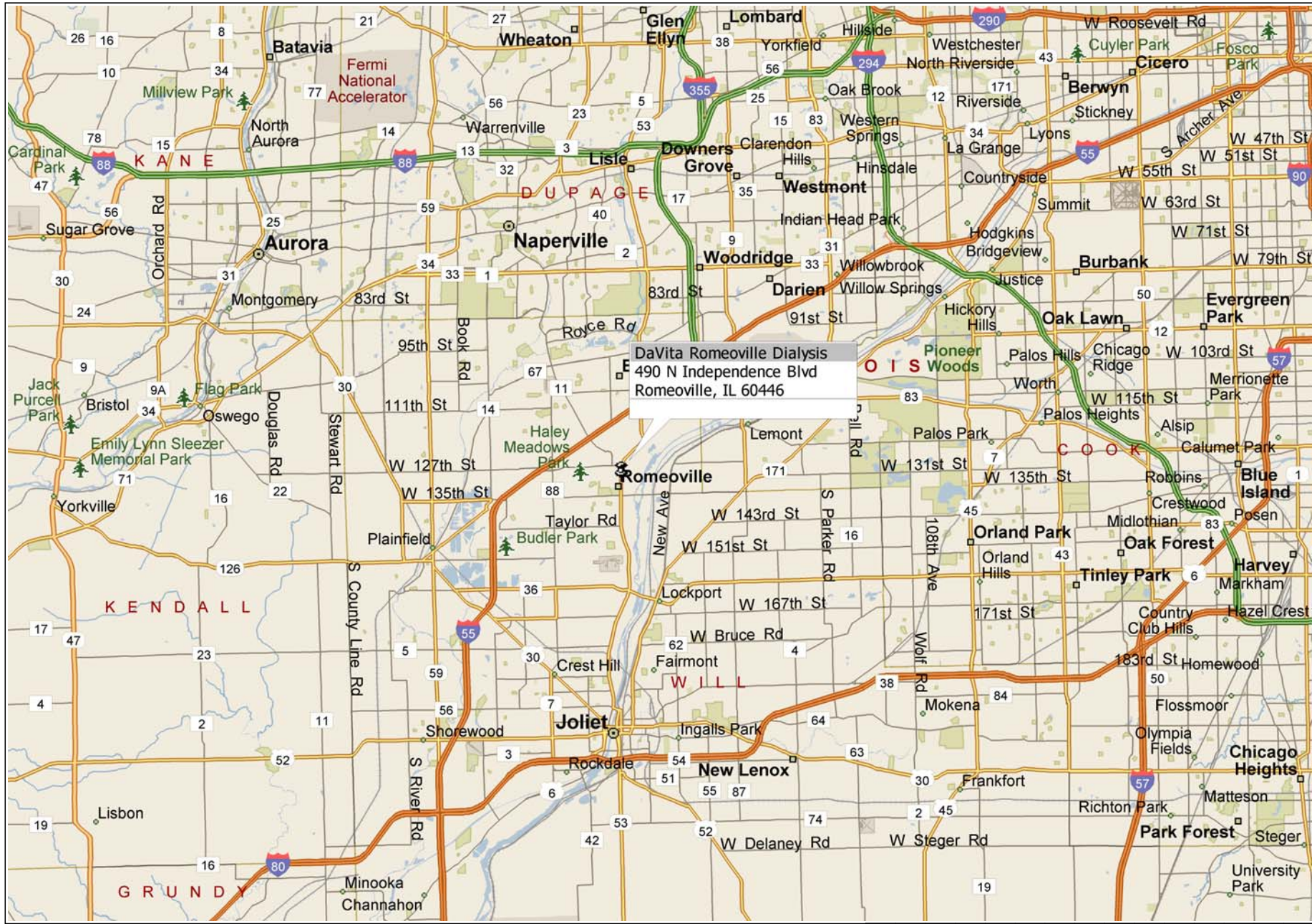
When taking a comprehensive review of the planning area where this project is proposed, it is clear that there are simply not enough patients to fill the existing stations in the planning area. The only way this project will succeed is to syphon patients from existing providers to the benefit of the applicants. Nothing exhibits this better than the fact that these Applicants had patients testify to support related projects, and the only available patients were those already being provided with care by those existing providers who are opposing these projects. The applicant's also continue use the same stale "referral" letter for several projects that was submitted to support their other projects. This letter cites unidentified patients from the same zip code multiple times- in a clear violation of Board rules that prohibit the same referral to support multiple projects. This project proposes to serve patients in the same overlapping geographic area that the applicant's five (5) other projects propose to serve. The Applicants have already admitted before the Board that they do not know where their patients will come from and they are asking the Board to abandon rational health planning in favor of an "if you build it they will come" mentality. This was not enough for the Board members to approve

Appendix I

Support and Opposition Comments

the applicant's project in September, it wasn't enough in January, and it should certainly not be enough in February. As noted above, this application is part of a larger bundle of applications filed by the applicant, to have this Board approve the largest number of dialysis stations at one time to a single provider in Illinois CON history. There is something wrong with these proposals and the applicant knows it. The five (5) other applications were deferred again by the Applicants to the April 2018 agenda in a pointless attempt to delay their inevitable final denial by this Board. Nothing has changed since this application was last slated to be considered by the Board. The obvious is still true. There is **NO** need for these stations in HSA 9. It is not problematic for these Applicants to repeatedly come before this Board to propose ESRD facilities, because they do not have ESRD patients they are busy caring for. The providers opposing these projects do have to care for such patients. The fact that the dozens of people previously opposing these projects may not make every meeting to which these projects are strategically deferred should not undermine the opposition, its validity, and the prior denials of these projects. For these reasons, we pray that the Board continue to deny this application and allow for a more organized development of ESRD services within this community.

17-043 DaVita Romeoville Dialysis - Romeoville





Planet Depos®
We Make It *Happen™*

Transcript of Full Meeting

Date: April 17, 2018

Case: State of Illinois Health Facilities and Services Review Board

Planet Depos

Phone: 888.433.3767

Email: transcripts@planetdepos.com

www.planetdepos.com

1 ILLINOIS DEPARTMENT OF PUBLIC HEALTH
2 HEALTH FACILITIES AND SERVICES REVIEW BOARD
3

4 OPEN SESSION - MEETING
5

6 Bolingbrook, Illinois 60490

7 Tuesday, April 17, 2018

8 9:06 a.m.
9
10

11 BOARD MEMBERS PRESENT:

12 RICHARD SEWELL, Acting Chairman

13 SENATOR DEANNA DEMUZIO

14 BARBARA HEMME

15 JOHN MC GLASSON, SR.

16 RON MC NEIL

17 MARIANNE ETERNO MURPHY
18
19
20

21 Job No. 176530A

22 Pages: 1 - 235

23 Reported by: Melanie L. Humphrey-Sonntag,

24 CSR, RDR, CRR, CRC, FAPR

Transcript of Full Meeting
Conducted on April 17, 2018

2

1 EX OFFICIO MEMBERS PRESENT:

2 BILL DART, IDPH

3 ARVIND K. GOYAL, IHFS

4

5 ALSO PRESENT:

6 JEANNIE MITCHELL, General Counsel

7 COURTNEY AVERY, Administrator

8 MICHAEL CONSTANTINO, IDPH Staff

9 ANN GUILD, Compliance Manager

10 GEORGE ROATE, IDPH Staff

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Transcript of Full Meeting
Conducted on April 17, 2018

3

1	C O N T E N T S	
2		PAGE
3	CALL TO ORDER	6
4	ROLL CALL	6
5	EXECUTIVE SESSION	7
6	COMPLIANCE ISSUES/SETTLEMENT AGREEMENTS/	
7	FINAL ORDERS	
8	Referrals to Legal Counsel	8
9	Final Orders	8
10	APPROVAL OF AGENDA	9
11	APPROVAL OF TRANSCRIPTS	9
12	PUBLIC PARTICIPATION	
13	DaVita Romeoville Dialysis	11
14	DaVita North Dunes Dialysis	32
15	Dialysis Care Center Elgin	33
16	ITEMS APPROVED BY THE CHAIRWOMAN	36
17	ITEMS FOR STATE BOARD ACTION	
18	PERMIT RENEWAL REQUESTS	
19	DaVita Washington Heights	38
20	DaVita South Holland Renal Center	42
21	Meadowbrook Manor La Grange	47
22	EXTENSION REQUESTS	50
23	EXEMPTION REQUESTS	50
24		

Transcript of Full Meeting
Conducted on April 17, 2018

4

1	C O N T E N T S C O N T I N U E D	
2	ALTERATION REQUESTS	50
3	DECLARATORY RULINGS/OTHER BUSINESS	50
4	HEALTH CARE WORKER SELF-REFERRAL ACT	50
5	STATUS REPORTS ON CONDITIONAL/CONTINGENT	50
6	PERMITS	
7	APPLICATIONS SUBSEQUENT TO INITIAL REVIEW	
8	DaVita Romeoville Dialysis	51
9	Proctor Community Hospital	76
10	Dialysis Center	
11	DaVita Northgrove Dialysis Center	86
12	Fresenius Kidney Care, Waukegan Park	107
13	Dialysis Care Center, Elgin	120
14	DaVita Hickory Creek Dialysis	140
15	DaVita Brickyard Dialysis	144
16	Fresenius Kidney Care, New Lenox	147
17	DaVita North Dunes Dialysis	151
18	HSHS St. John's Hospital	151
19	Illinois Vascular Care	162
20	Taylorville Memorial Hospital	199
21	Kildeer Ambulatory Care Center	207
22		
23		
24		

1	C O N T E N T S C O N T I N U E D	
2	APPLICATIONS SUBJECT TO INTENT TO DENY	
3	DaVita Alpine Dialysis	211
4	OTHER BUSINESS	231
5	RULES DEVELOPMENT	231
6	OLD BUSINESS	231
7	NEW BUSINESS	
8	Financial Report	231
9	Legislative Update	231
10	Corrections to Profiles	233
11	ADJOURNMENT	234

12
13
14
15
16
17
18
19
20
21
22
23
24

1 CHAIRMAN SEWELL: Public participation.

2 MS. MITCHELL: Please come up when your
3 name is called. You will come to the table right
4 in front of the court reporter.

5 Please, if you have written testimony,
6 leave your written testimony for the benefit of
7 the court reporter, just so she can make sure she
8 gets the spelling of everything correctly. You do
9 not have to speak in the order in which you are
10 called.

11 First up, on Project 17-043, DaVita
12 Romeoville Dialysis, Romeoville, Grant Asay,
13 Lori Wright, Dr. Mohammed Ahmed, Bill Brennan, and
14 Annette Gean.

15 You may begin.

16 MR. ASAY: Good morning. I'm Grant Asay,
17 general manger for Fresenius.

18 I'm testifying in opposition to 17-043,
19 Romeoville Dialysis, submitted by DaVita and
20 DuPage Medical Group.

21 DuPage Medical Group contends that
22 patients dialyzing in Fresenius clinics have
23 electronic medical records or an EMR that's not
24 accessible to them because they use an EMR called

1 EPIC. However, the Fresenius nephrology EMR is
2 part of the EPIC platform and is fully compatible.
3 All DuPage Medical Group physicians will be able
4 to access nephrology records for their patients
5 treated in Fresenius clinics and import their data
6 through the EPIC interface.

7 The hospitals where they practice also use
8 EPIC, which integrates seamlessly with our EMR
9 powered by EPIC. This alleged barrier between
10 medical records -- our medical records and
11 theirs -- does not exist.

12 The applicants state that they have a new
13 way of delivering dialysis care through
14 coordination with DuPage Medical Group's
15 accountable care organization or ACO. Available
16 CMS data on that ACO has shown it increased health
17 care costs significantly.

18 Coordination of health care for ESRD
19 patients already exists in the Chicago area with
20 Fresenius' participation in the CMS-sponsored
21 ESRD Seamless Care Organization or ESCO. This
22 ESCO, which includes nearly 4,000 patients, has
23 proven to increase quality while lowering health
24 care costs with an \$11 million savings to Medicare

1 in Chicagoland during 2016.

2 The approval of Romeoville and the
3 applicants' other projects will be detrimental to
4 the ESRD services by inundating the market with
5 stations all at once, relocating patients
6 participating in the ESCO from current providers,
7 and causing mass underutilization, which is
8 contrary to the Planning Act.

9 DaVita claimed that they are the only
10 Illinois dialysis provider contracted with
11 IlliniCare managed Medicaid program, which is
12 incorrect. As of January 1 Fresenius was back in
13 network with IlliniCare, and we're treating
14 71 IlliniCare patients at our clinics today. We
15 can provide care to these Medicaid members without
16 an issue. The IlliniCare argument DaVita uses is
17 incorrect.

18 Thank you.

19 CHAIRMAN SEWELL: Thank you.

20 MS. WRIGHT: Good morning.

21 I'm Lori Wright, CON specialist for
22 Fresenius. I'm testifying in opposition to
23 17-043, Romeoville Dialysis.

24 While DaVita and DuPage Medical Group's

1 nine pending applications are considered on an
2 individual basis, it is important to note that the
3 Romeoville application is part of this
4 unprecedented bundle of applications to establish
5 9 clinics and 108 stations, all within an
6 approximate 14-mile radius.

7 They overlap service areas and, if
8 approved, would all begin operations at the same
9 time. It is unlikely they will all meet target
10 utilization within the first two years of
11 operation, creating maldistribution in the service
12 area for years to come.

13 DaVita Romeoville is only 8 miles from
14 their Hickory Creek Joliet project also being
15 heard here today. These two applications'
16 referral letters contain many overlapping
17 zip codes where identified pre-ESRD patients
18 reside. Additional information does little to
19 address the lack of need in Romeoville, as
20 indicated by the Board staff report.

21 The applicants argue that the newly
22 adopted 10-mile radius, representing a smaller
23 geographical service area, is more consistent with
24 providing access. We agree, but their Hickory

1 Creek project is within the same 10-mile service
2 area as Romeoville. It seems redundant and
3 irresponsible for DaVita to ask for approval today
4 of two applications within this small service area
5 to begin operations at the same time.

6 This is particularly a problem since our
7 Woodridge facility, approved but not yet open, is
8 only 6 miles away from the proposed Romeoville
9 site.

10 The applicants discount the Board's
11 five-year station inventory from September 2017
12 and recalculate it with more recent data that
13 shows an increased and a more urgent need in
14 Romeoville. The applicants cannot make up their
15 own need calculation to negate the Board's.

16 While there may be a need for 17 stations
17 in HSA 9, the station-to-population ratio within
18 the 30-minute travel radius from the proposed
19 clinic indicates there is, in fact, a surplus of
20 stations in Romeoville.

21 MR. ROATE: Two minutes.

22 MS. WRIGHT: Thank you.

23 CHAIRMAN SEWELL: Thank you.

24 MS. GEAN: Good morning.

1 My name is Annette Gean, G-e-a-n, and I'm
2 here this morning to express my support for
3 Dr. Kravets, the Board's new rule on shorter ESRD
4 travel times, and for the DaVita Romeoville,
5 Project No. 17-043.

6 I have been a kidney patient -- I am at
7 end stage renal failure right now -- four years
8 today. And for sometime I've required my dialysis
9 for the four years, and I do know and I hope you
10 understand that kidney dialysis can be very
11 discouraging.

12 For the last two years of my dialysis
13 treatment, I did not believe that I was
14 progressing under the care that I received from my
15 then-nephrologist. I was visiting a doctor's
16 office in downtown Chicago, and I discovered that
17 Dr. Kravetz had been appointed one of the top
18 100 doctors in the Chicago metropolitan area. And
19 when I read her name in the magazine, I got very
20 happy. I knew of her, but she was not my doctor
21 at the time.

22 When an emergency arose and I had to end
23 up at the hospital on two different occasions, my
24 nephrologist was not available, and it was then

1 that I decided, with my husband and family, that
2 I needed to do something and move forward because
3 of my treatments and my medical history.

4 I then decided with the family that
5 I needed to go with Dr. Kravetz and her practice.
6 I am very pleased with the care that she provides
7 all of us. When she comes into our dialysis
8 center, she just doesn't talk to us; she knows
9 about us and she remembers us. And when she
10 visits all the patients, it makes us all very
11 happy.

12 I'm an advocate for my dialysis center,
13 DaVita, because when she goes there -- I talk to a
14 lot of the patients -- she makes us all very
15 happy. Because if we miss a dialysis treatment, a
16 lot of us kidney patients won't make it after
17 two weeks if we continue not to go to dialysis.
18 So I hope you understand the importance of what it
19 is to be a kidney dialysis patient.

20 I would also like to express my
21 appreciation to the Review Board for the new rule
22 on the travel times. While a 30-minute time --
23 travel time -- may not be inappropriate for
24 hospitals or surgery centers, a shorter time is

1 essential for dialysis patients.

2 My dialysis schedule is Monday,
3 Wednesdays, and Fridays and sometimes Saturday if
4 I need a treatment.

5 MR. ROATE: Time.

6 MS. GEAN: Patients on the first shift
7 begin at 5:30. In addition to many Saturdays,
8 I also need to go for a shorter time.

9 MR. ROATE: Two minutes.

10 MS. GEAN: Thank you.

11 CHAIRMAN SEWELL: Thank you.

12 MS. GEAN: Thank you.

13 MR. BRENNAN: Good morning, members of the
14 Board.

15 My name is Bill Brennan. I'm here to
16 oppose the DMG DaVita Romeoville project, 17-043.

17 The application has serious deficiencies,
18 like several other DMG applications have been --
19 like several other DMG applications. The
20 applicant claims that these facilities will
21 increase care to and provide new options where
22 none currently exist for patients. Neither of
23 those arguments is true.

24 The applicant would have this Board

1 believe that HSA 9 is lacking when it comes to
2 ESRD facilities. That is false. I looked at the
3 Medicare Dialysis Facility Compare website and
4 found that there are significantly more facilities
5 providing ESRD care than what's listed in the
6 State Board staff report.

7 I found eight more dialysis facilities,
8 full facilities, containing 131 stations that were
9 not included in the Board report. Each of these
10 eight facilities is within the geographic service
11 area of the proposed Romeoville facility.

12 Looking at the facilities that are
13 reflected in your report, the utilization in HSA 9
14 is 66 percent. These four new facilities --
15 excuse me. There are four new facilities with
16 46 stations that are nowhere near target
17 utilization at this point in time.

18 As you know, the state of Illinois
19 continues to lose residents, yet the report would
20 show that Romeoville is just bursting at the
21 seams, which I -- which probably is not true.

22 Members of the Board, you have already --
23 you already have the information in your State
24 staff Board report to deny this project. The

1 applicant has given this Board no additional
2 information that would justify approval of this
3 application or change the staff -- or they did not
4 change the staff report, as well.

5 All of this -- excuse me. And all of this
6 delay by the applicant is an additional reason to
7 vote no.

8 MR. ROATE: Two minutes.

9 CHAIRMAN SEWELL: Thank you.

10 DR. AHMED: Good morning. My name is
11 Dr. Mohammed Ahmed, and I'm a nephrologist with
12 NANI, and I'm here to oppose the DMG DaVita
13 Romeoville Dialysis facility.

14 I started my practice 10 to 11 years ago
15 when Bolingbrook first opened its doors to the
16 patients, both in Bolingbrook and neighboring
17 suburbs, including Romeoville. And through
18 working, making sacrifices on life, family, and
19 social life, I was able to establish a practice of
20 hundreds of patients serving the local
21 communities, including Romeoville, many of whom
22 were referred by DMG primary care.

23 And the minute the -- when DMG decided to
24 hire their own seven nephrologists, many of my

1 patients who I had cultivated a relationship
2 through their good times and bad times, saved them
3 during their worst times in the hospital and
4 congratulated them for their good times in the
5 outpatient setting, many of these patients were
6 directed and obliged to switch care from myself to
7 their own nephrologists.

8 And unfortunately, despite the patients'
9 wishes to continue to -- continue care with my
10 practice, they were asked to change to the new
11 nephrology group.

12 And having done -- I happen to be the
13 medical director of the US Renal Care Bolingbrook
14 dialysis unit that you guys fortunately approved.
15 That need was demonstrated after seven years of
16 working hard to establish the volume of patients
17 that one needs to have another dialysis unit.

18 And I can tell you that after doing
19 multiple outpatient programs in -- to increase
20 chronic kidney disease awareness not only in
21 Bolingbrook but also in the neighboring suburbs,
22 including Romeoville, it took -- it took that
23 time -- that amount of time to, number one, have
24 the volume of patients and, because of the

1 attrition that occurs with dialysis patients --
2 many patients moving on to transplant, some
3 patients having improvement of their renal
4 disease -- we are designed to accommodate four
5 shifts, and we're barely even filling just two
6 shifts.

7 And the proposed unit is only
8 eight minutes away from the current unit that I'm
9 the medical director. By virtue of its location
10 alone, this facility is designed to do one thing,
11 and that is to take patients from existing
12 providers. And voting to approve this project
13 would be a tacit approval of DMG's attempt to
14 limit access to care for patients in this area and
15 to take patients from existing nephrologists and
16 also --

17 MR. ROATE: Two minutes.

18 DR. AHMED: Thank you.

19 CHAIRMAN SEWELL: Thank you.

20 MS. MITCHELL: Okay. The next five are
21 Lilly Hodewa, Tara Kamradt, Teresa Kravets,
22 Dr. Huma Rohail, Anna Walters -- again, these are
23 all speaking on Project 17-043, Romeoville
24 Dialysis.

1 Again, please -- if you have written
2 comments, please leave them at the table for the
3 court reporter.

4 Anyone can begin.

5 MS. KAMRADT: I'll begin.

6 Ladies and gentlemen, on four separate
7 occasions NANI and its physician have appeared
8 before this Board to oppose the six projects
9 currently proposed between DuPage Medical Group
10 and DaVita, and every one of these projects that
11 have come forward to a vote has failed and with
12 good reason.

13 I have been working with NANI for over
14 20 years. And rather than have NANI physicians
15 again take another day away from patient care,
16 I've been asked to summarize for the Board,
17 particularly for the benefit of the newest
18 members, the issues that justify denying each of
19 these projects.

20 DMG, with its private equity backers, has
21 decided to buy their way into the marketplace.
22 This is in lieu of establishing themselves like
23 everybody else.

24 DMG is proposing to add 72 new dialysis

1 stations to its service area. This is despite the
2 fact that DMG does not have the existing
3 nephrology patients to justify such an
4 unprecedented expansion. These proposals are
5 designed, instead, to divert existing patients to
6 DMG who are already being served by existing area
7 providers.

8 The best evidence of this is that the
9 applicants have brought in patients to testify
10 before this Board about not wanting to lose their
11 quality nephrology care. The irony is these were
12 NANI nephrology patients, not DMG patients.

13 This is not about access because these
14 patients already have access to quality care at
15 Medicare five-star facilities closer to where they
16 live. This is all about DMG's bottom line.

17 The "Let us build it and we can fill it"
18 approach is the exact opposite of what this Board
19 was established to do. Every staff report shows
20 that approving these projects will result in
21 unnecessary duplication.

22 Nothing has changed since these projects
23 were denied other than the Applicant switching
24 consultants.

1 MR. ROATE: Two minutes.

2 MS. KAMRADT: This does not change the
3 content of the application or the lack of quality
4 or need behind the project.

5 CHAIRMAN SEWELL: Please conclude your
6 remarks.

7 MS. KAMRADT: This project is unnecessary
8 and should be denied.

9 CHAIRMAN SEWELL: Thank you.

10 DR. ROHAIL: Good morning, members of the
11 Board. My name is Dr. Huma Rohail, and I'm a NANI
12 nephrologist.

13 The applicants will try to brush off our
14 opposition as us being against competition. If
15 that were true, then we would be opposing all
16 seven of DaVita's applications up today but we are
17 not. We are opposing the Romeoville project
18 because it is designed to undermine a health care
19 delivery system already served by dedicated
20 providers that has maintained an open competitive
21 balance that was driven by patient care and is
22 filled with patients already having access to
23 quality care.

24 DMG knows all of the buzzwords to say.

1 They talk about the limitations on EMR and being
2 innovative and stress the importance of
3 comprehensive communication for patient care. It
4 is easy to rely on lots of buzzwords and say
5 nothing. Consider that all of their supplemental
6 information did not change a single finding in the
7 staff report.

8 As far as innovative, members of the
9 Board, putting profits ahead of patients is not
10 innovative. In fact, it is what created the need
11 for boards like this.

12 Yes, communication and EMR are important,
13 but what DMG does not tell you is that limitation
14 on sharing information comes from them. We work
15 with every other provider in the area, including
16 DaVita, and the group that is creating the
17 information-sharing issue is DMG, and they should
18 not be rewarded for solving a problem they
19 created.

20 This project is about DMG producing a
21 return on investment for its private equity
22 backers. The problem with that is, if they are
23 successful, it will inevitably increase costs on
24 the Medicare program and flood the area with

1 unnecessary stations that can only be utilized by
2 plundering patients from other existing providers,
3 all of this to pad the DMG bottom line.

4 We don't come here to protect ourselves
5 from competition. We come here to protect our
6 patients. We would ask you to deny this project.

7 Thank you.

8 MR. ROATE: Two minutes.

9 CHAIRMAN SEWELL: Thank you.

10 MS. HODEWA: Good morning. My name is
11 Lilly Hodewa.

12 My background -- or education, rather --
13 is in community health and applied science. I'm
14 here today to voice my support for DaVita
15 Romeoville Dialysis.

16 Northern Will County and Romeoville
17 specifically has the highest population density in
18 the planning area. It is growing, in part,
19 because seniors like my mom are leaving the city
20 and coming to this area for a more comfortable
21 suburban lifestyle. Many of these people are baby
22 boomers who are retiring.

23 Romeoville has three large senior
24 communities. These are entire neighborhoods of

1 seniors. They need health care services, and
2 dialysis is an essential service for some of them.
3 To understand the growing demand for dialysis
4 services across the state, also recognize that
5 obesity can hurt your kidneys and obesity is a
6 public crisis nearly everywhere in this country.

7 Corporations like Pepsi and McDonald's
8 have made fast food a way of life. Fast food is
9 cheap, calorie dense, and nutrient poor. These
10 products are heavily marketed, easily accessible,
11 and addictive.

12 In Illinois 65 percent of adults are
13 overweight or obese, and the problem is getting
14 worse, not better. Obesity is a main risk factor
15 for diabetes and hypertension. Both are primary
16 contributors, along with aging, to kidney failure.

17 My mother has been able to maintain her
18 kidney function despite her history of obesity and
19 hypertension due to having gastric bypass and a
20 good -- and good physician care, but many are not
21 so lucky.

22 Fresenius is the dominant provider in this
23 area and across Chicagoland. It should not be
24 allowed to leverage your process to block

1 competition. Until we majorly invest in solving
2 the obesity epidemic, you are going to see these
3 providers continue to develop additional clinics
4 to provide the supply of these necessary services.

5 I urge you to approve Romeoville Dialysis.

6 CHAIRMAN SEWELL: All right.

7 DR. KRAVETS: My name is Dr. Kravets, and
8 I am a board-certified nephrologist with Northeast
9 Nephrology Consultants, a five-physician practice
10 in Will County.

11 I have been in practice for over 20 years,
12 and I practice in Romeoville. Together with my
13 partners, we have noticed that there is increased
14 incidence of chronic kidney disease and, also, end
15 stage renal disease in this area.

16 Our patients are compromised by
17 transportation. They need to get to dialysis
18 three times a week and during the working hours,
19 many times -- many depending on public
20 transportation, and public transportation in
21 Romeoville area will not transport them outside to
22 DuPage County, to Woodridge, or other -- every
23 other unit, and they are possibly within the
24 30 miles -- 30-minutes period.

1 I urge the Board to approve this unit. My
2 patients will benefit, and I will be medical
3 director at this projected DaVita facility.
4 DaVita has provided excellent care to my patients.

5 We -- my patients have to travel from
6 Romeoville to Joliet or New Lenox, which is not
7 easy for them. And if this unit is approved, it
8 would be much easier to get to dialysis
9 three times a week on the public transportation,
10 which is more -- much easier for them.

11 Thank you very much for your
12 consideration. By your own report, the Board has
13 determined that there is 17 additional stations
14 needed in this area.

15 Thank you very much.

16 CHAIRMAN SEWELL: Thank you.

17 MS. WALTERS: My name is Anna Walters.
18 I'm assistant executive director for Senior Star
19 at Weber Place, independent assisted living and
20 memory care, 346 apartments, on Weber Road in
21 Romeoville.

22 And we have residents -- we provide the
23 transportation to get dialysis, but we have
24 residents that have to go to Bolingbrook,

1 Naperville, Joliet three times a week. And when
2 the traffic -- the traffic has changed on Weber
3 Road recently, and it takes them more than
4 30 minutes. When they get back to our community
5 exhausted and utterly -- it affects their quality
6 of life every time -- every Monday, Wednesday, and
7 Friday.

8 And I don't know that -- how much the ride
9 of being over 30 minutes contributes to that, but
10 I do know that it would certainly be much easier
11 for them to have a facility in Romeoville, much
12 closer to our community.

13 So I do see the need, and I support the
14 facility in Romeoville.

15 CHAIRMAN SEWELL: Thank you.

16 MS. MITCHELL: All right. Final two. For
17 Project 17-061, Cary Bolton. For Project 17-066,
18 Scott Schiffner.

19 And you -- when you're speaking at the
20 beginning of your remarks, since you're speaking
21 on two different projects, if you could state
22 which project you're talking to.

23 Come on up.

24 Again, if you have written comments, if

1 CHAIRMAN SEWELL: So, now, applications
2 subsequent to initial review.

3 H-01, Project 17-043, DaVita Romeoville
4 Dialysis. I need a motion to approve
5 Project 17-043, DaVita Romeoville Dialysis, to
6 establish a 12-station ESRD facility in
7 Romeoville.

8 MEMBER MURPHY: Motion.

9 CHAIRMAN SEWELL: Is there a second?

10 MEMBER DEMUZIO: Second.

11 CHAIRMAN SEWELL: All right.

12 MS. MITCHELL: If I can make a comment
13 before we begin discussions.

14 CHAIRMAN SEWELL: Sure. Go ahead.

15 MS. MITCHELL: Is this better?

16 If I can make a quick comment, not
17 necessarily towards this Applicant but just all
18 applications on today's agenda.

19 There was some discussion about there
20 being shorter travel time due to a change of
21 rules. We worked on these rules for a long time,
22 and I'm happy to report that the new distances are
23 in effect, but they are not applicable to any of
24 the applications on today's agenda. They're only

1 applicable to applications that were deemed
2 complete after March 7th, and so all these
3 applications were put in prior to that date.

4 So if there's any discussion about new
5 distances pursuant to the new rules, I just ask
6 that you keep that in mind because those are not
7 applicable to today's discussion.

8 CHAIRMAN SEWELL: Thank you.

9 Would you swear in the Applicant.

10 THE COURT REPORTER: Would you raise your
11 right hands, please.

12 (Four witnesses sworn.)

13 THE COURT REPORTER: Thank you. And
14 please print your names and leave any written
15 remarks on the edge.

16 CHAIRMAN SEWELL: Mr. Constantino.

17 MR. CONSTANTINO: Thank you, sir.

18 The Applicants propose to establish a
19 12-station ESRD facility in Romeoville, Illinois.
20 The cost of the project is approximately
21 \$4.1 million, and the expected completion date is
22 November 30th, 2019.

23 There was no public hearing. There was
24 opposition to this project as well as support

1 letters received by the State Board staff.

2 This project was deferred from the
3 January 2018 State Board meeting. There is
4 one finding regarding surplus of stations in the
5 30-minute area.

6 Thank you, sir.

7 CHAIRMAN SEWELL: Yes.

8 Could you introduce yourselves and -- if
9 you have a presentation for the Board.

10 MR. BHATTACHARYYA: Yes.

11 My name is Gaurav Bhattacharyya -- it's a
12 long name so here it is -- and I'm the vice
13 president for DaVita here in the Chicagoland area.

14 With me today is Dr. Preeti Nagarkatte,
15 who is a partner of Dr. Kravetz's, who you heard
16 from earlier, as well as Kara Friedman, our legal
17 counsel.

18 I would just like to start by responding
19 to some of the comments from earlier today. A lot
20 of the commentary today was around DMG and
21 describing this project as -- in that context.
22 I'd just like to clarify that the physicians that
23 we're working with on this project are
24 Dr. Nagarkatte and Dr. Kravets from Northeast

1 Nephrology Consultants, who are a local physician
2 group. They've been in the community for
3 20 years, and the CKD data that we used for this
4 application was prominently from them.

5 The second point I'd like to make is
6 FMC and NANI are opposing this project and are
7 characterizing it as a flood of new projects
8 coming in. I think it's important to understand
9 where they're coming from and why they might be
10 opposing it.

11 It is because they currently have a
12 monopoly in this part of the Chicagoland area --
13 or very close to one -- and they've been
14 characterizing this as the corporate side of
15 medicine. Let's also, again, help to understand
16 where they're coming from. FMC is the largest
17 dialysis company in the world, and NANI is the
18 largest nephrology practice in Illinois and the
19 second largest in the country.

20 And so I just ask that you think about
21 what could be motivating their opposition to this
22 project. I don't think it is quality of care and
23 access of care to patients, which we do believe
24 this project brings.

1 What I would like to do today is really
2 just make two points as it relates to this project
3 specifically: One, there is a need for
4 this dialysis clinic in this community; and, two,
5 there's broad support for this project in this
6 community.

7 First, on the need, Romeoville is a
8 community of about 40,000 residents, and it
9 doesn't have a single dialysis facility in the
10 city. The demographic indicators of this
11 community are powerful, its high population
12 density and growth, and much of this population
13 growth is in two groups, aging and senior
14 citizens, as you heard earlier today, as well as
15 low income and minority groups. And as this Board
16 knows, both older individuals and those from lower
17 income communities are the ones who need dialysis
18 the most and are at risk of getting disease the
19 most.

20 Secondly, on the support, we have support
21 from important local leaders in the community.
22 Two of the closest area hospitals, Adventist
23 Bolingbrook and St. Joseph's Medical Center in
24 Joliet, and the mayor of Romeoville have all

1 endorsed this project. You heard from the patient
2 earlier today talking about the quality of care
3 that they receive from these medical directors as
4 well as the senior living community, as you heard
5 from two individuals here today.

6 And so it's something that the local
7 hospitals want, the local community leaders want,
8 the patients want. And the reason is because this
9 is ultimately what's best for patient access and
10 for patient care.

11 Thank you.

12 MS. FRIEDMAN: The single negative
13 finding, as Mr. Constantino reported, for this
14 proposed clinic relates to the fact that
15 historical utilization rates of certain clinics in
16 a 30-minute drive time has not yet reached the
17 target utilization.

18 That takes a snapshot back in time without
19 considering the current growth trends. What's
20 fundamentally important is that these clinics will
21 operate well in excess of the target when this
22 clinic becomes operational, and I'm talking about
23 all the clinics in the 30-minute drive time of
24 this proposed site.

1 This is based on the use rate trends
2 identified on page 6 of your Board staff report.
3 At the very bottom, in the health planning area
4 description, you'll see that the State Board did
5 acknowledge that, in the last four years, there
6 was a 5.75 percent compounded annual growth rate
7 in the planning area, so that's an annual increase
8 in utilization of services in this area.

9 Clinics in the immediate area of the
10 proposed site are experiencing rapid increases in
11 utilization. This is what you're seeing in the
12 30-minute area and in the larger planning area.
13 (Indicating.)

14 Within the narrower 30-minute area,
15 however, that growth rate is even higher for the
16 facilities in the 30-minute. It's 7.1 per year,
17 which outpaces population growth and demonstrates
18 some of the changing demographics in this
19 community.

20 As documented in DaVita's submission, the
21 use rate that the Board has most recently
22 collected, which is December 31st, 2017, indicates
23 the need for 67 dialysis stations in the planning
24 area for 2020 when this project is coming online.

1 So as you can see, while we believe this
2 stated 17-station need, as documented, is correct,
3 we also believe that it's understated, and that
4 helps understand why we would be seeking to add
5 stations in different areas of this planning area.
6 It's particularly disingenuous for Fresenius to
7 assert that use rates are diminishing when it's
8 relying on similar data to support its projects
9 pending at this meeting.

10 If you go with the overall growth rate in
11 the planning area, which is the more conservative
12 route, we project an additional 250 dialysis
13 patients receiving services in area facilities.
14 That's about a total of 1600 patients in the area.
15 If you look at the more recent use rates, this
16 figure increases over 300 patients.

17 With either methodology, this means
18 utilization in the area to be served by this
19 clinic will be well above your target utilization
20 when it opens. On the low end, that would be
21 84 percent across all of these facilities; relying
22 on the more area-specific data utilization would
23 be 88 percent.

24 While 250 or 300 patients might seem like

1 a small number, you have to remember -- and maybe
2 some of you are not as familiar with ESRD care --
3 a clinic only has about 60 patients enrolled at
4 any given time. And, remember, dialysis patients
5 are typically on dialysis for many years,
6 indefinitely, so this 250 patients signals
7 significant demand for services in the area. The
8 opponents' claim in their materials that the use
9 rate is declining is not supported by the State
10 Board data.

11 As Gaurav indicated, this facility is
12 primarily driven by the Northeast Nephrology
13 patients. These opponents prevented their
14 competitors from developing a clinic in
15 Will County six years ago. There were excess
16 stations at that time; however, this project
17 is now justified by a need for stations in the
18 planning area and specifically Northern
19 Will County.

20 Fresenius and DaVita will continue to
21 compete. You cannot allow any provider to use
22 this Board process to protect their market share.
23 It's contrary to the laws applicable to health
24 planning in this state.

1 Fresenius has the largest share of market
2 in Will County, larger than the two next providers
3 combined. As we stated in our most recent
4 submission in this project, they're throwing
5 whatever they can against the wall for this
6 project to see what opposition points might stick.
7 We don't believe that any of them are compelling,
8 and so many of them are misleading.

9 Just a couple more points, and we did get
10 a map out -- a map together -- which we submitted
11 in our materials so you can kind of see what this
12 planning area looks like.

13 So this purple area that you see is where
14 the dialysis patients or the CKD patients that
15 Dr. Kravetz's practice is taking care of reside.
16 This 10-mile line represents -- well, this
17 line represents 10 miles.

18 So as you can see, when we assisted in the
19 process to help the Board realign what the
20 planning area driving distances should be, we very
21 much lined this up with what we believe is
22 appropriate and what reflects common practices,
23 given the different demographics of a community.
24 The more dense a population area is, the smaller

1 that radius would be. So you know that in the
2 city of Chicago, for example, you've shrunk that
3 radius down to 5 miles.

4 One final point on the staff report
5 relates to some facilities that are still in
6 ramp-up. Certain clinics listed on page 15 of the
7 report are still in sort of a ramp-up period or
8 not -- and one is not yet operating.

9 These are all Fresenius clinics. The only
10 one in the planning area is 15 or 20 minutes away.
11 They are Fresenius Plainfield North, Summit, and
12 Lemont. They are serving a distinct patient base.
13 They're serving the patients of Dr. Lohmann,
14 Alohosa, and Choppy [phonetic], and nothing about
15 this project at all implicates those facilities.
16 The facility that's not open yet has identified
17 481 patients of Dr. Schlieben, and they projected
18 191 percent utilization of that clinic to justify
19 getting it approved last March.

20 So it seems that, you know, this need
21 number that we provided of 67 stations in the
22 planning area is basically supported by the data
23 that Fresenius has submitted for their most recent
24 application in this area. Again, these clinics

1 are committed to different patients who are not
2 duplicated by the referrals associated with this
3 project.

4 Using the data of the 30-minute
5 utilization rate, there's a need for 18 stations
6 in the Romeoville service area alone. We
7 specifically identified the patients that will be
8 treated at the clinic. Couple these factors with
9 the significant and growing utilization of area
10 clinics, and we believe the Board should be fully
11 satisfied that the slight deficiency in the Board
12 report is inconsequential.

13 At this point, Dr. Nagarkatte, if you
14 could tell them a little bit more about your
15 practice.

16 DR. NAGARKATTE: Good morning.

17 My name is Preeti Nagarkatte. I'm a
18 nephrologist with a practice mostly in Joliet and
19 Romeoville for the last 16 years. Our practice,
20 Northeast Nephrology Consultants, is dedicated to
21 patient-focused care. We take pride in the
22 exceptional care that we provide our patients, as
23 this commitment is essential to having them lead
24 healthy and long lives.

1 For years we have cared for patients in
2 the Romeoville area but only have recently had a
3 full practice here. This is, in part, due to the
4 fact that Romeoville has been growing as a city
5 over the last 10 to 15 years due to outward
6 migration from the city of Chicago.

7 Many of my patients are older, as well as
8 minorities, who have higher rates of kidney
9 disease than the general population, yet, until
10 this proposal, there was no in-center dialysis
11 clinic in Romeoville.

12 Due to the significant growth in
13 utilization that we have documented, there is not
14 capacity within the current system for our
15 patients whose kidney function is declining and
16 those who will require dialysis in the next two to
17 three years.

18 For those patients who are identified with
19 kidney disease in its early stages, I try all
20 interventions to extend kidney function. These
21 include dietary changes, medication, exercise to
22 manage high blood pressure, keep their blood sugar
23 levels under control. For some patients these
24 interventions work, but, unfortunately for others,

1 the renal insufficiency continues to worsen and
2 they will ultimately need dialysis for end stage
3 renal decease.

4 Despite our efforts and all the strategies
5 we employ to reduce the risk of ESRD, this area's
6 ESRD rates continue to rise, and this project is
7 merely addressing this demand in a community that
8 is not currently served.

9 We have issues facing existing patients as
10 well as needing capacity for future referrals in
11 the immediate Romeoville market. One such issue
12 is when a patient misses a dialysis treatment.
13 The ability to reschedule or make up that
14 appointment when facilities are already running
15 utilizations of 70 percent or higher is not
16 possible without having to take an early first
17 shift or a late third shift. These alternate
18 times are when transportation becomes most scarce.
19 As a result, many patients are faced with having
20 to take a less convenient time, which may lead to
21 compliance issues and can affect their health.

22 In my experience, transportation can be a
23 major hurdle to receiving dialysis care, and this
24 is true in most communities. Romeoville does not

1 have a true bus service. Most patients depend on
2 their loved ones or families to drop them off at
3 dialysis.

4 Romeoville does have a Ride Around Town
5 program sponsored by the parks and recreation
6 department; its hours of operations are generally
7 9:00 to 3:00. So this is in part why that second
8 shift between ten o'clock and two o'clock is most
9 coveted by dialysis patients, as they can get
10 rides to and from the unit without being a burden
11 on their caregivers or families.

12 In conclusion, I'd like to assure the
13 Board that we want what's best for our patients.
14 In addition to providing chronic kidney care in
15 our clinics, we take care of our patients both
16 when they have ESRD and are on dialysis as well as
17 encouraging them to get kidney transplant. As an
18 example, at DaVita Renal West Joliet, we've had
19 six transplants in the last six months, and this
20 is far more than the number of patients that get
21 transplants in other units over one to two years.

22 We, as a practice, encourage our patients
23 to be as healthy as can be and work together with
24 them to get the best possible treatment.

1 Thank you for your consideration for this
2 project.

3 CHAIRMAN SEWELL: Thank you.

4 MS. FRIEDMAN: We're happy to answer
5 questions at this time.

6 MEMBER MC GLASSON: Mr. Chairman, I have a
7 question.

8 CHAIRMAN SEWELL: Yes, Mr. McGlasson.

9 MEMBER MC GLASSON: Are DaVita and
10 Northeast -- oh, I'm sorry.

11 Are DaVita and Northeast Nephrology
12 for-profit entities?

13 DR. NAGARKATTE: We, in Northeast
14 Nephrology, are an independent practice and we are
15 not for -- I mean, we are a medical practice, not
16 for profit.

17 MS. FRIEDMAN: It's not possible for a
18 medical practice that has physician owners, which
19 is the State law, to be anything but a for-profit.

20 MEMBER MC GLASSON: Thank you.

21 And for staff, is Fresenius, to your
22 knowledge, a for-profit entity?

23 MR. CONSTANTINO: Yes.

24 CHAIRMAN SEWELL: Yes.

1 MEMBER GOYAL: Thank you, Mr. Chairman.

2 I have two questions. One is I'm looking
3 at your table on page 10, on top of the page,
4 Table 3, and it talks about the number of Medicaid
5 patients reduced between 2'14 and 2'16 from 708
6 to 297 and percentage, in terms of net patient
7 revenue, down from 3.23 percent to 1.33 percent.

8 Now, our rates have not reduced, and our
9 numbers of patients have not reduced -- and I need
10 to also qualify my name is Arvind Goyal and
11 I represent Medicaid on the Board.

12 Would you respond to that? And then
13 I have one other question for the practice.

14 MR. BHATTACHARYYA: Sure.

15 The overall message here is that we accept
16 all patients, including Medicaid, Medicare, any
17 payer type. At no point is a patient ever denied
18 admission into the facility because of their payer
19 type.

20 We -- at the same time, we don't know what
21 patients we're getting from the discharge planners
22 at the hospitals or patients who crash into
23 dialysis, so this is just a reflection of what our
24 admissions team is getting. We at no point skew

1 or have any filters based on payer type.

2 MEMBER GOYAL: So based on your response,
3 I have a follow-up question.

4 MR. BHATTACHARYYA: Sure.

5 MEMBER GOYAL: Do your intake people even
6 ask the patient what their payer is?

7 MR. BHATTACHARYYA: Yes. It is one of the
8 pieces of information they have to collect as part
9 of the admission process, but a decision to accept
10 that patient or not is never determined based on
11 their payer type.

12 MEMBER GOYAL: So if you were to not
13 accept a patient who is on Medicaid or who does
14 not have insurance, what is there to guarantee
15 that it does not factor into your admissions
16 process? Why do you even ask?

17 MR. BHATTACHARYYA: It's part of the
18 coordination of care. It's just part of the
19 entrance and documentation that we need as part of
20 the transfer from the hospital.

21 MS. FRIEDMAN: And if I could also note,
22 the social workers -- who have been, you know,
23 working with dialysis providers for a long time --
24 they really work with the patient to ensure that

1 any type of reimbursement program that would be
2 available for patients is one that they take
3 advantage of.

4 So it's very important that they know what
5 their payer source is when they come in so that
6 they can make arrangements for them to qualify for
7 some emergency programs or American Kidney Fund
8 program reimbursement.

9 MEMBER GOYAL: Thank you.

10 And I have a question for the doctor for
11 your practice, Northeast Nephrology.

12 DR. NAGARKATTE: Yes, sir.

13 MEMBER GOYAL: I got your first name,
14 Preeti. I didn't catch your last name.

15 DR. NAGARKATTE: Nagarkatte,
16 N-a-g-a-r-k-a-t-t-e.

17 MEMBER GOYAL: Thank you, Dr. Nagarkatte.

18 My question is, in your practice,
19 specifically Romeoville at this time --

20 DR. NAGARKATTE: Yes.

21 MEMBER GOYAL: -- are you signed up with
22 all five managed care plans that are operated in
23 that area?

24 DR. NAGARKATTE: I don't know but I do

1 know that we take all patients. I don't know
2 specifically the plans. But I do know as -- I do
3 take all patients.

4 Also, as people who get discharged from
5 the hospital, we follow up with them, even if they
6 don't have ability to pay. Is that your question?

7 We do take -- we do take all patients.
8 I do know that we're one of the few practices in
9 Will County that takes all payers, nonpayers,
10 Medicaid, Medicare, everybody, regardless.

11 MEMBER GOYAL: So your answer is very
12 noble; however, there is a way to exclude Medicaid
13 if you don't sign up with managed care.

14 DR. NAGARKATTE: We are signed up, sir, yes.

15 MEMBER GOYAL: All five of them?

16 MS. FRIEDMAN: She can answer --

17 DR. NAGARKATTE: Yes -- I'm sorry --

18 DR. KRAVETZ: I'm Dr. Kravetz --

19 CHAIRMAN SEWELL: Hold it. You need to be
20 sworn in.

21 THE COURT REPORTER: Would you raise your
22 right hand, please.

23 (One witness sworn.)

24 THE COURT REPORTER: Thank you.

1 DR. KRAVETZ: Yes. To answer your
2 question --

3 MS. AVERY: State your name for the
4 record.

5 DR. KRAVETZ: This is -- I am Dr. Kravets.
6 And I was -- together with our manager, I am
7 involved in the practice management.

8 So there was a recent change in the
9 Medicaid programs that are accepted in Illinois.
10 We're always on all of them. And if there is any
11 that we still -- you know, there was, I think,
12 Blue Cross -- IlliniCare is no more in Illinois,
13 so we had to change and apply to include all of
14 them.

15 So it's -- we always accept all the
16 Medicaid programs, and Medicaid -- also not an
17 issue for patients.

18 MEMBER GOYAL: Thank you very kindly.

19 CHAIRMAN SEWELL: Other questions from
20 Board members?

21 (No response.)

22 CHAIRMAN SEWELL: I wanted to ask
23 Mr. Constantino -- I wanted to ask about this
24 increase in use rates that apparently the

1 Applicant has cited in the HSA.

2 Is that something that the staff agrees
3 that they're seeing?

4 MR. CONSTANTINO: On page 6 we relied
5 upon -- what's quoted here is the population
6 estimate that the State demographer does for us,
7 Mohammed, who works for the Illinois Department of
8 Public Health.

9 And they are projecting approximately a
10 2.9 percent increase in the population in that
11 health service area; not Romeoville but that
12 health service area, which includes four counties,
13 as identified above, Kendall, Grundy, Will, and
14 Kankakee.

15 And then the dialysis patient -- the
16 actual dialysis patient increase is from the data
17 we collect quarterly through our survey process.
18 And from 2013 to 2017, we've seen a 5.75 percent
19 increase in the number of actual dialysis patients
20 in this planning area, in this ESR planning area,
21 which is that four-county area. Not Romeoville
22 specifically but the four-county area.

23 CHAIRMAN SEWELL: But the finding that we
24 have in the State agency report is based on the

1 current use; right?

2 MR. CONSTANTINO: That's correct.

3 CHAIRMAN SEWELL: It doesn't take that
4 into consideration?

5 MR. CONSTANTINO: That's -- what we've
6 done -- based upon your rules, it's a
7 maldistribution. And based upon that, when we
8 compared it to the state of Illinois, we
9 determined that there is a surplus of stations in
10 that 30-minute area, which is smaller than the
11 large service area or the HSA.

12 CHAIRMAN SEWELL: Okay. Thank you.

13 Are there other questions?

14 (No response.)

15 CHAIRMAN SEWELL: If not, then roll call.

16 MR. ROATE: Thank you, Chairman.

17 Motion made by Ms. Murphy; seconded by
18 Senator Demuzio.

19 Senator Demuzio.

20 MEMBER DEMUZIO: I am going to be voting
21 no, due to the staff report of surplus of stations
22 in the area, in the service area.

23 MR. ROATE: Thank you.

24 Ms. Hemme.

1 MEMBER HEMME: No, based on unnecessary
2 duplication, based on the staff report.

3 MR. ROATE: Thank you.

4 Mr. McGlasson.

5 MEMBER MC GLASSON: Yes, based on my
6 capitalistic beliefs.

7 MR. ROATE: Mr. McNeil.

8 MEMBER MC NEIL: I am in between.

9 I would vote no, but this probably needs
10 to come up later because the demographics
11 projected for the four-county area versus
12 Romeoville -- more data.

13 And I think it's trending that way, but
14 I can't vote yes because I think it's trending.
15 We need more data. It's a two-year wait period --
16 I think, from what you testified -- to bring up a
17 facility like this.

18 So no.

19 MR. ROATE: Thank you.

20 Ms. Murphy.

21 MEMBER MURPHY: I vote yes, based on the
22 testimony heard here today.

23 MR. ROATE: Thank you.

24 Chairman Sewell.

1 CHAIRMAN SEWELL: I vote yes, based on the
2 utilization data.

3 MR. ROATE: Thank you.

4 That's 3 votes in the affirmative, 3 votes
5 in the negative.

6 MS. FRIEDMAN: Thank you.

7 CHAIRMAN SEWELL: So the motion fails.

8 MR. ROATE: It will receive an intent to
9 deny.

10 MS. MITCHELL: You will receive an intent-
11 to-deny letter in the mail, and it will give you
12 instructions as to what to do as far as follow-up.

13 CHAIRMAN SEWELL: We're going to take a
14 10-minute break before we proceed to the next
15 project.

16 (A recess was taken from 10:31 a.m. to
17 10:43 a.m.)

18 - - -

19

20

21

22

23

24