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April 30, 2018

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Via Hand Delivery

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MAY 01 2018

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

**Re: DaVita Romeoville Dialysis (Proj. No. 17-043) ("Proposed Clinic")
Submission of Additional Information**

Dear Ms. Olson:

Polsinelli represents DaVita Inc. and Tovell Dialysis, LLC (collectively, the "Applicants") in the above-referenced proposal to establish a 12-station dialysis clinic in Romeoville, Illinois (the "Proposed Clinic"). In this capacity, we are writing to provide additional information subsequent to the Illinois Health Facilities and Services Review Board's (the "State Board") April 17, 2018 meeting where the Proposed Clinic received three favorable votes but did not pass. Pursuant to Section 1130.670 of the State Board's Procedural Rules, the Applicants respectfully submit supplemental information regarding the Proposed Clinic.

As further described in this submission, Romeoville is located in diverse and dynamic planning area. The need for additional dialysis services in Romeoville is compelling but a careful assessment of the planning area and the target area to be served is essential for a full understanding of the clear health planning rationale for the establishment of the Proposed Clinic. The key points of this submission are summarized as follows:

- As it is targeting Romeoville, a highly populated area, which is more population dense than any other part of the planning area, the addition of the Proposed Clinic will help to properly distribute needed stations in the planning area.
- The Proposed Clinic would not create a maldistribution of stations based on the capacity of existing providers and the population
- There is a need for 50 more dialysis stations than the current Need Determination of State Board identifies and, conservatively, a need for 18 stations in the 30 minute driving radius of the proposed clinic site

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- The growth rate of ESRD patients in the patient service area far outpaces growth of ESRD patients in the State of Illinois as a whole and also outpaces growth in the HSA and Will County
- The rapid increase in utilization of dialysis clinics in the patient service area indicates that the average utilization of those clinics will well exceed 80% in 2020 when this clinic will be coming online
- DaVita's competitor, which opposes this project, cannot factually dispute this evidence and, in fact, its own recent applications which document planning area trends support the establishment of additional dialysis services in this area.
- Recognizing the demand for additional services, the Proposed Clinic is well supported including by area hospitals, Bolingbrook Hospital and St. Joseph Medical Center in Joliet

As discussed below, DaVita's primary competitor, the German-based Fresenius Medical Center and its affiliated nephrologists have been extremely vocal and misleading in opposing the Proposed Clinic. As you will see from the data provided in this letter, however, the project is fully justified by patient demand and will address one of the most significant and growing needs for additional dialysis services in the State of Illinois.

1. Proposed Clinic is well placed to meet Planning Area Demand

a. Distribution of Services/Ratio of Stations to Population

In its previous findings, the State Board staff made a singular negative finding that determined a maldistribution of stations existed in the 30 minute travel contour (or geographic service area) of the Proposed Clinic. Based upon subsequent review of its application, the Applicants identified an error in the number of zip codes captured in the Proposed Clinic's geographic service area as designated by the State Board's rules. The application had 18 identified zip codes in the application. In reviewing this item, however, we identified that the geographic service area encompasses 43 zip codes. As shown in Exhibit 1, the total population for the Proposed Clinic's geographic service is over twice what was erroneously documented in the application. This unfortunate error resulted in an overstatement of the ratio of stations to population and inaccurately reflected a maldistribution of service in the Proposed Clinic's geographic service area.

The inaccurate population data negatively skewed the ratio of stations to population calculation. If the correct geographic service area population was identified in the application, it would have shown there was no maldistribution of stations within the Proposed Clinic's geographic service area. To the contrary, the current ratio of stations to population in the



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Proposed Clinic's geographic service area is 80% of the State ratio. See Table 1110.230(c)(2)(A).

Table 1110.230(c)(2)(A) Ratio of Stations to Population				
	Population	Dialysis Stations	Stations to Population	Standard Met?
Geographic Service Area	1,142,723	314	1:3,639	Yes
State	12,978,800	4,745	1:2,735	

b. High Population Density in Romeoville Patient Service Area

Relatedly, as shown on the attached population density map, the planned site for the Proposed Clinic has extremely high population density when compared to other parts of the HSA 9 planning area. As shown in the table below, a substantial majority of the population of HSA 9 resides in Will County. More specifically within Will County, the highest population density is in the Romeoville patient service area, i.e. the northeast corner adjacent to the Cook County border.

	2016 Population Estimate ¹	% HSA 9 Population	Pop. per Square Mile
HSA 9	968,661		424
Will County	685,378	70.8%	810
Romeoville PSA	345,689	35.7%	2152
Grundy County	111,493	11.5%	117
Kankakee Cty	50,338	5.2%	259
Kendall County	121,452	12.5%	377

As you can see, Romeoville is four times more dense from a population perspective than the planning area as a whole so it isn't any surprise that the need for additional services would be focused in Will County and Romeoville specifically.

¹ Source: U.S. Census Bureau, Census 2010, American Factfinder available at <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> (last visited April 26, 2018)



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In the planned service area for the Proposed Clinic, recent economic development has created thousands of jobs in manufacturing and in the services and other light industries. As one supporter noted at the April 17th hearing, many residents of the City of Chicago are relocating out of the City to suburban communities, including Romeoville and Bolingbrook. This shift has been reported in the Chicago Sun-Times as part of a series on housing in the City of Chicago.² The changes in the demographics in the target patient service area for the Proposed Clinic are driving demand for dialysis services in Romeoville. As more individuals and families relocate to northeastern Will County and as Will County's population continues to age there will be a greater need for dialysis services. The Proposed Clinic will be well-positioned to meet this growing need.

2. High Compound Annual Growth Rate for Dialysis Services and 2020 Projected Utilization of Dialysis Clinics

As noted in the April 2018 State Board Reports, the growth in the number of dialysis patients in HSA 9 for the period 2013 to 2017 has been 5.75% compounded annually.³ This is over 1.75 times the State growth rate (3.23%).

Importantly, much of this growth is centered in the Proposed Clinic's geographic service area. From December 2013 to December 2017, the Proposed Clinic's geographic service area experienced 31.6% growth in ESRD patients (or 323 net patients). See Exhibit 2. This amounts to a compound annual growth rate of 7.10% in this area during that four year period. If the current trend continues, as we as health planners must assume it will in order to meet demand for care, the Applicants project there will be 1,654 in-center hemodialysis patients by CY 2020, and the 314 existing and approved stations will operate at 88% utilization. This projected utilization was a key finding in the April 17, 2018 State Board Report for Fresenius Kidney Care New Lenox. Based on the application of the four year CAGR to the New Lenox patient service area, that proposal received a fully positive State Board Report. This competitor is opposing the Proposed Clinic despite the fact that the Proposed Clinic is has a distinct patient base. Importantly, 30 additional stations are needed in the Proposed Clinic's geographic service area by 2020.⁴

² Mick Dumke et al. *The CHA's Great Upheaval – A Sun-Times/BGA Special Report*, Chicago Sun-Times, Apr. 25, 2016 available at <https://chicago.suntimes.com/news/the-chas-great-upheaval-a-sun-timesbga-special-report/amp/> (last visited Apr. 25, 2018).

³ Ill. Health Facilities and Services Review Board, Fresenius Kidney Care New Lenox State Board Report pp2-3(Apr.17,2018)available at <https://www2.illinois.gov/sites/hfsrb/Projects/ProjectDocuments/2017/17-065/17-065%20FKC%20New%20Lenox.pdf> (last visited Apr. 24, 2018).

⁴ Even taking a more conservative approach, there is a need for 18 stations in the 10 mile service area around the Proposed Clinic. This more conservative approach would utilize the State Board's 5.75%



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Assuming the more conservative HSA 9 annual growth rate (5.75%), the Applicants project there will be 1,592 in-center hemodialysis patients by CY 2020 and the 314 existing and approved stations will operate at 85% utilization. Under this scenario, 18 additional stations are needed in the Applicants' identified patient service area for average utilization to operate at optimal 80% utilization.

The patient service area for the Proposed Clinic, if drawn as a circle, is approximately 10 miles. This PSA is aligned with new State Board rules. Consistent with the methodology used in projects 17-063(FMC-New Lenox) and 17-065(DVA- Hickory Creek), we analyzed the 4 year compound annual growth rate for the existing clinics in the Proposed Clinic's PSA and found the growth was even more pronounced in the immediate area surrounding the Proposed Clinic than in either the larger 30 minute geographic service area or HSA 9. As shown in Exhibit 3, patient census at the clinics within 10 miles of the Proposed Clinic grew by 44% from 2013 to 2017, which is a compound annual growth rate of 9.5%. Applying the 9.5% growth rate to the 12/31/2017 patient census, the Applicants project there will be 1,044 dialysis patients in the 10 mile service area by 2020, which will result in average utilization of 96.6% for the existing and approved clinics. Importantly, for the existing and approved clinics to operate at their optimal capacity (80% per the State Board's rules) 30 additional stations are warranted for this area.

Importantly, what this data shows is not only is there a need for additional stations in HSA 9, despite the State Board calculation, but more specifically, there is an acute need for stations in northeastern Will County, where the Proposed Clinic will be located.

3. Dialysis Station Need in HSA 9 is Understated by 50 Stations

Our February 8, 2018 correspondence addressed the dialysis services utilization growth in the immediate area surrounding the Proposed Clinic site. It also analyzed the demographic trends of Will County and Romeoville more specifically. In further reviewing the historical data pertinent to need for the Proposed Clinic, we note the State updated its inventory of Health Care Facilities and Services and Need Determinations for ESRD in August of 2017. This is important because at that time, the State used a 5-year projection to 2020 with the base year of 2015. Based on the need formula, the need calculation used the year 2015 dialysis use rates combined with the population estimates for that same year and projected that use rate on the anticipated population in 2020. Since that static 2015 use data was generated (as explained below), we now have the benefit of more current data and now know that the resulting calculation identifying an excess of 7 stations materially understates the 2020 demand for services.

To evaluate demand for ESRD services or "need" for the Proposed Clinic, we next reviewed more current utilization data that the State collects and publishes, namely dialysis

growth factor for HSA 9. In that scenario, the Applicants project 940 patients will require dialysis in 2020, or average utilization of existing and approved clinics of 87.1%.



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utilization information dated as of 12/31/2017. This review revealed, as Exhibit 4 indicates, that there was an 11.35% increase in ESRD patients between 2015 and 2017 in HSA 9. Due to a lag in use rate data reporting, the increased dialysis services use rate based on the projected 2020 population results in a calculated need for 43 additional stations not an excess of seven stations as reported by the State Board. This increased station need is due to the dialysis patient census in HSA 9 increasing by 120 patients in that two year period (or a compound annual growth rate of 5.5%). Note that we used the same formula that the State Board uses to reach this conclusion with the only difference being that we used more current dialysis use rates (12/31/2017) rather than the older data from 12/31/2015.

The Proposed Clinic will address the need for dialysis stations in HSA 9. We now know, from analyzing more current data, dialysis station need in HSA 9 is understated by the State Board. It is important to note that the State's station need calculation factors in not only the capacity of existing facilities but also that all facilities existing and newly permitted projects which will be opening soon. This need for additional stations is addressed by the Proposed Clinic. More specifically, the Applicant has identified an area that has a high concentration of groups at high-risk of acquiring ESRD that are aging. Given the significant growth in both the HSA 9 planning area as well as in Will County and the more immediate Proposed Clinic's geographic service area, the Proposed Clinic is warranted as demonstrated by a methodical and objective assessment of current and future demand.

4. Safety Net Impact

We have updated the data relating to Medicaid and charity care for DaVita in Illinois to reflect the most current data available in the following table.

Safety Net Impact			
	2015	2016	2017
Charity (# of Patients)	109	110	98
Charity (Cost in Dollars)	\$ 2,791,566	\$ 2,400,299	\$ 2,818,603
Medicaid (# of Patients)	422	297	407
Medicaid (Cost in Dollars)	\$ 7,381,390	\$ 4,692,716	\$ 9,493,634
Net Patient Revenue	\$ 311,351,089	\$ 353,226,322	\$ 357,821,315

Note that for the DaVita metro Chicago applications approved by the State Board within the last five years, 70 percent of its newly approved stations are located in medically underserved areas. Medically underserved areas are areas designated by the Health Resources and Services Administration as having too few primary care providers, high infant mortality, high poverty or a high elderly population. DaVita's commitment to serving underserved communities is unparalleled in the State of Illinois.



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We have also included some additional information to support the State Board's positive consideration of the Proposed Clinic including a discussion of as exhibits. Thank you for your consideration on this project. If you have any questions and concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Anne M. Cooper'.

Anne M. Cooper

Attachments

Cc: Gaurav Bhattacharyya

Exhibit 1

Population by Zip Code Romeoville 30 Minute GSA		
Zip Code	City	Population
60137	Glen Ellyn	37,805
60403	Crest Hill	17,529
60404	Shorewood	17,395
60421	Elwood	3,968
60431	Joliet	22,577
60432	Joliet	21,403
60433	Joliet	17,160
60435	Joliet	48,899
60436	Joliet	18,315
60439	Lemont	22,919
60440	Bolingbrook	52,911
60441	Lockport	36,869
60446	Romeoville	39,807
60451	New Lenox	34,063
60455	Bridgeview	16,446
60457	Hickory Hills	14,049
60458	Justice	14,428
60464	Palos Park	9,620
60465	Palos Hills	17,495
60467	Orland Park	26,046
60480	Willow Springs	5,246
60490	Bolingbrook	20,463
60491	Homer Glen	22,743
60501	Summit Argo	11,626
60503	Aurora	16,717
60504	Aurora	37,919
60514	Clarendon Hills	9,708
60515	Downers Grove	27,503
60516	Downers Grove	29,084
60517	Woodridge	32,038
60521	Hinsdale	17,597
60523	Oak Brook	9,890
60525	La Grange	31,168
60527	Willowbrook	27,486
60532	Lisle	27,066
60534	Lyons	10,649
60540	Naperville	42,910
60544	Plainfield	25,959

Population by Zip Code Romeoville 30 Minute GSA		
Zip Code	City	Population
60558	Western Springs	12,960
60559	Westmont	24,852
60561	Darien	23,115
60563	Naperville	35,922
60564	Naperville	41,312
60565	Naperville	40,524
60585	Plainfield	22,311
60586	Plainfield	46,251
Total		1,142,723

Source: U.S. Census Bureau, Census 2010,
American Factfinder available at
<https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> (last visited April 24, 2018)

Facility	Ownership	Address	City	Time	Distance	HSA	Number of Stations 12/31/17	Number of Patients 12/31/2013	Utilization % 12/31/2013	Number Patients 12/31/17	Utilization % 12/31/17
USRC Bolingbrook	USRC	396 Remington Blvd.	Bolingbrook	8.05	4.1	9	13	37	47.44%	63	80.77%
Fresenius Medical Care Lemont ²	Fresenius	16177 West 127th Street	Lemont	11.5	4.9	7	12			25	34.72%
Bolingbrook Dialysis Center	Fresenius	538 Boughton Road	Bolingbrook	11.5	5.9	9	24	120	83.33%	123	85.42%
Fresenius Medical Care Naperville	Fresenius	2451 S Washington	Naperville	18.4	6.4	9	18	0	0.00%	101	93.52%
Fresenius Medical Care Plainfield North ¹	Fresenius	24020 Riverwalk Court	Plainfield	20.7	8.5	9	10			33	55.00%
Fresenius Medical Care Woodridge ³	Fresenius	7550 James Avenue	Woodridge	16.1	9.1	7	12			-	0.00%
Fresenius Medical Care Joliet	Fresenius	171 E. Jackson Street	Joliet	19.5	9.4	9	16	48	50.00%	72	75.00%
Davita Sun Health	Davita	2121 Oneida	Joliet	26.4	10.8	9	17	53	51.96%	61	59.80%
Renal Center West Joliet	Davita	1051 Essington Road	Joliet	20.7	11.1	9	29	132	75.86%	130	74.71%
FMC Dialysis Services of Willowbrook	Fresenius	6300 South Kingery Highway	Willowbrook	19.5	12.6	7	20	76	63.33%	75	62.50%
Palos Park Dialysis	Davita	13155 S. LaGrange Road	Orland Park	28.7	12.6	7	12	27	37.50%	49	68.06%
Palos Center New Lenox	Davita	1890 Silver Cross Blvd.	New Lenox	20.7	12.9	9	19	83	72.81%	107	93.86%
Fresenius Medical Care of Plainfield	Fresenius	2320 Michas Drive	Plainfield	21.8	13.5	9	10	80	133.33%	80	133.33%
Downers Grove Dialysis Center	Fresenius	3825 Highland Ave., Suite 102	Downers Grove	25.3	15.1	7	16	73	76.04%	68	70.83%
USRC Oak Brook	USRC	1201 Butterfield Rd Suite B	Downers Grove	23	15.4	7	13	34	43.59%	66	84.62%
Fox Valley Dialysis Center	ARA	1300 Waterford Drive	Aurora	28.7	15.6	8	29	123	70.69%	143	82.18%
Fresenius Medical Care Orland Park	Fresenius	9160 West 159th Street	Orland Park	26.4	16.2	7	18	85	78.70%	65	60.19%
Fresenius Medical Care Summit ⁴	Fresenius	7319 Archer Avenue	Summit	28.8	20.1	7	12			30	41.67%
Fresenius Medical Care of Mokena	Fresenius	8910 W. 192nd Street	Mokena	29.9	20.7	9	14	52	61.90%	55	65.48%
Total							314	1,023	54.30%	1,346	71.44%

Total Growth 2013 - 2017 31.57%

4 Year GSA CAGR 7.10%

2018 Projected Patients 1,442

2019 Projected Patients 1,544

2020 Projected Patients 1,654

2020 Projected Utilization 87.8%

2020 Projected Station Need 344

Existing Stations 314

Stations Needed 30

4 Year HSA CAGR 5.75%

2018 Projected Patients 1,423

2019 Projected Patients 1,505

2020 Projected Patients 1,592

2020 Projected Utilization 84.5%

2020 Projected Station Need 332

Existing Stations 314

Stations Needed 18

Facility	Ownership	Address	City	Distance	HSA	Number of Stations 12/31/17	Number of Patients 12/31/2013	Utilization % 12/31/2013	Number Patients 12/31/17	Utilization % 12/31/17
USRC Bolingbrook	USRC	396 Remington Blvd.	Bolingbrook	4.1	9	13	37	47.44%	63	80.77%
Fresenius Medical Care Lemont ²	Fresenius	16177 West 127th Street	Lemont	4.9	7	12			25	34.72%
Bolingbrook Dialysis Center	Fresenius	538 Boughton Road	Bolingbrook	5.9	9	24	120	83.33%	123	85.42%
Fresenius Medical Care Naperville	Fresenius	2451 S Washington	Naperville	6.4	9	18	0	0.00%	101	93.52%
Fresenius Medical Care Plainfield North ¹	Fresenius	24020 Riverwalk Court	Plainfield	8.5	9	10			33	55.00%
Fresenius Medical Care Woodridge ³	Fresenius	7550 James Avenue	Woodridge	9.1	7	12			-	0.00%
Fresenius Medical Care Joliet	Fresenius	721 E. Jackson Street	Joliet	9.4	9	16	48	50.00%	72	75.00%
Fresenius Medical Care of Plainfield	Fresenius	2320 Michas Drive	Plainfield	13.5	9	10	80	133.33%	80	133.33%
Renal Center West Joliet	Davita	1051 Essington Road	Joliet	11.1	9	29	132	75.86%	130	74.71%
Davita Sun Health	Davita	2121 Oneida	Joliet	10.8	9	17	53	51.96%	61	59.80%
Renal Center New Lenox	Davita	1890 Silver Cross Blvd.	New Lenox	12.9	9	19	83	72.81%	107	93.86%
Total						180	553	51.20%	795	73.61%
Total Clinics Operational > 2 Years						146	553		737	84.13%

Total Growth 2013 - 2017 43.76%

EXHIBIT 3

- ¹Medicare Certified November 18, 2016
²Medicare Certified November 17, 2016
³Received permit March 14, 2017
⁴Medicare Certified November 2, 2016

4 Year GSA CAGR	9.50%
2018 Projected Patients	871
2019 Projected Patients	953
2020 Projected Patients	1,044
2020 Projected Utilization	96.6%
2020 Projected Station Need	217
Existing Stations	180
Stations Needed	37
4 Year HSA CAGR	5.75%
2018 Projected Patients	841
2019 Projected Patients	889
2020 Projected Patients	940
2020 Projected Utilization	87.1%
2020 Projected Station Need	196
Existing Stations	180
Stations Needed	16

EXHIBIT 4

Updated Need Calculation Based on 2017 Use Rate					
	HSA 9	Grundy	Kankakee	Kendall	Will
Planning Area Population - 2015	1,033,750	53,015	115,128	129,201	736,406
In Station ESRD Patients - 2017	1,177	58	204	90	825
Area Use Rate 2017	1.14	1.09	1.77	0.70	1.12
Planning Area Population - 2020 (Est)	1,111,300	55,970	117,167	142,818	795,345
Projected Patients - 2020	1,265	61	208	99	891
Adjustment	1.33	1.33	1.33	1.33	1.33
Patients Adjusted	1,683	81	276	132	1,185
Projected Treatments - 2020	262,524	12,705	43,076	20,641	184,871
Existing Stations	308	19	54	27	208
Stations Needed - 2020	351	17	58	28	247
Number of Stations Needed	43	(2)	4	1	39
In Station ESRD Patients - 12/31/2015	1,057	29	179	82	767
% Increase in Patients 2015 to 2017	11.35%	100.00%	13.97%	9.76%	7.56%
Area Use Rate - 2015	0.977	0.55	1.55	0.63	1.04

Exhibit 5

DaVita – DMG Care Innovation

DaVita is Innovating the ESRD Model of Care to Achieve the Triple Aim

The shift toward value-based healthcare is providing a substantial opportunity to improve patient care experiences and clinical outcomes while reducing costs. While many providers and health plans are deploying chronic care management programs for the general patient population, few are doing what DaVita is doing addressing a unique set of chronically-ill patients. DaVita is pulling ahead of the curve to launch comprehensive models of care that address the unique needs of the highest-risk, most medically complex outlier groups, with a focus on patients with ESRD. DaVita aims to achieve three key goals, the triple aim: enhanced patient experience, improved population health and reduced costs.

Both DaVita and its partner DuPage Medical Group, Ltd. (DMG) bring values, assets and innovative roots to the Proposed Clinic that are critical to the success of a high-quality patient delivery model. People with compromised renal function face multiple challenges—such as multiple comorbidities, healthcare system navigation and emotional challenges—that require customized capabilities to manage across the care continuum. DaVita is partnering with DMG to advance its model of integrated kidney care which comprehensively addresses these concerns and can extend across multiple programs: the government's End Stage Renal Disease Seamless Care Organizations (ESCOs), Medicare Advantage Chronic Special Needs Plans (C-SNPs) and population health management programs with providers and payers that address not only ESRD but also kidney disease patients whose condition has not advanced to ESRD and who may be able to maintain their kidney function for their lifetime with proper intervention.

DaVita has been at the forefront of innovation in the care of patients with end-stage renal disease throughout its history. This has resulted in outstanding quality, patient satisfaction, and provider accolades. Examples of the many ways that DaVita has delivered high-quality care with innovative models are included below:

1. **DaVita Rx.** DaVita offered the first ever renal-specific pharmacy, DaVita Rx, which focuses on the unique needs of dialysis patients. Since 2005, DaVita Rx has been helping improve outcomes by delivering medications to dialysis centers or patients' homes, thereby helping patients stay on top of their drug regimens. As a result, DaVita Rx patients have medication adherence rates greater than 80% – almost double that of patients who fill their prescriptions elsewhere – and are correlated with 40% fewer hospitalizations.
2. **Medicare Compare Star Program Leader.** DaVita has exceptional Star Ratings for its clinics across the country and in the Chicago metropolitan area. The Star Ratings system, also known as the Dialysis Facility Compare Star Program, is a rating system developed by Medicare that assigns one to five stars to dialysis clinics by comparing the health statistics of the patients in DaVita's clinics to patients in other dialysis clinics across the country. Each dialysis clinic is graded on nine separate health statistics. These include (i) mortality ratios, (ii) hospitalizations, (iii) blood transfusions; (iv) incidents of

hypercalcemia (too much calcium in the blood); (v) percentage of waste removed during hemodialysis, (vi) percentage of waste removed in adults during peritoneal dialysis, (vii) percentage of AV fistulas; and (viii) percentage of catheters in use over 90 days. The Star Ratings system is an objective and simple measure of DaVita's innovation. 48% of DaVita clinics in the Chicago area have four- or five-star ratings. Comparing this to competitor clinics, only 16% have four- or five-star ratings. Additionally, DaVita's average Star Rating in the Chicago area is 3.5, compared to an average of 2.5 for other dialysis providers.

On April 27, 2018, DaVita announced that it has led the industry for the fourth year by meeting or exceeding Medicare standards in the CMS Star Ratings System. DaVita's focus on helping improve patients' health and quality of life is demonstrated in this year's Five-Star ratings, where the company has more three, four and five star centers than it has ever had in the history of the program. The results mark DaVita's best quality performance in the program to date.

3. **Medicare Quality Incentive Program Leader.** DaVita was the clinic leader nationally of the Medicare Quality Incentive Program (QIP) based on 2016 data, a distinction that DaVita has won for four straight years. The QIP is part of Medicare's ESRD program aimed at improving the quality of care provided to Medicare patients. DaVita also had the highest average total performance score among all large dialysis organizations (those with at least 200 centers in the U.S.) and ranks first in four clinical measures in the ESRD QIP program. For example, DaVita's average QIP score is 76 compared to 69 for Fresenius and 66 for all other dialysis providers.
4. **Transplant Waitlist Support Program.** On April 24, 2018 DaVita and Methodist Specialty and Transplant Hospital in San Antonio, Texas, announced the launch of the co-developed Transplant Waitlist Support Program. The purpose of the program is to help keep waitlisted patients transplant-ready by deploying a technology-enabled solution to proactively and electronically exchange patient information between DaVita and the transplant center. With growing waitlists for transplant, transplant program coordinators struggle to maintain current patient data such as health status changes or correct contact information. Having outdated contact information can result in a patient missing a transplant opportunity when a matching donor becomes available. The Transplant Waitlist Support Program represents how transplantation and dialysis providers work together instead of operating in separate silos. The ultimate goal is to provide better care for patients suffering from chronic kidney disease (CKD). The Transplant Waitlist Support Program bridges gaps that have previously impacted the constancy of that care. The Transplant Waitlist Support Program will be available to other transplant centers in the near future, fulfilling a major goal for DaVita to help improve the transplant waitlist experience nationwide.
5. **Strong Promoter of Home Modalities.** DaVita works closely with patients to promote home dialysis modalities. All DaVita dialysis clinics also have a staff member designated as a "Home Champion," who meets with all new admissions to focus solely on home modalities and benefits. If patients express any interest or questions, DaVita

proactively schedules a follow up visit with a home nurse within 10 days and can typically help patients transition to home peritoneal dialysis within the first month.

6. **CKD Education with Kidney Smart.** DaVita offers the Kidney Smart program to help improve intervention and education for pre-ESRD patients, including education about home dialysis modalities. Kidney Smart includes the development of a care plan for patients with CKD with 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. These efforts help patients reduce, delay, and prevent adverse outcomes from otherwise untreated CKD, encouraging patients to take control of their health and make informed decisions about their care.
7. **New Dialysis Patient IMPACT Program.** DaVita operates the Incident Management of Patients, Actions Centered on Treatment or IMPACT program which seeks to reduce patient death rates during the first 90 days of dialysis, through the patient intake, education and management, and reporting efforts. IMPACT has helped address the critical issues of the incident dialysis patient and improved DaVita's overall gross mortality rate, which has decreased 28% in the last 13 years.
8. **CathAway Program: DaVita's Promotion of AV Fistulas for Vascular Access.** National guidelines promote increasing the prevalence of arteriovenous (AV) fistula use for dialysis access. AV fistulas are considered the preferred type of vascular access for hemodialysis patients, far superior to using a central venous catheter (CVC). DaVita works to reduce the number of patients with CVCs through the CathAway program. Compared to CVCs, AV fistulas have superior patency, lower complication rates, improved adequacy, lower costs, and decreased risk of patient death. CathAway is designed to comply with CMS's National Vascular Access Improvement Initiative (NVAII) through patient education outlining the benefits of AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. Through DaVita's proactive efforts, patient catheter use rates decreased 46% in seven years.
9. **DaVita Hospital Services.** DaVita Hospital Services was the first inpatient kidney care service to receive Ambulatory Health Care Accreditation from The Joint Commission. This was the result of DaVita's efforts in identifying key areas for improvement, offering comprehensive training, and coordinating 156 hospital site visits for The Joint Commission Surveyors. This Accreditation allows DaVita to monitor and evaluate the safety of kidney care and apheresis therapies against ambulatory industry standards, and to have shared standards in place with hospital partners to further measure performance and improve alignment.
10. **Physician Engagement.** DaVita offers its affiliated nephrologists the opportunity to earn Maintenance of Certification credits for participating in dialysis unit quality improvement activities. This certification helps to engage DaVita medical staff members and highlights each participating nephrologists' knowledge and skill level to deliver high quality patient care.

11. **Digital Health.** DaVita is a partner of Rock Health, the first venture fund dedicated to digital health and a leader in fostering health care innovation. Rock Health identifies health technology companies supporting patients and consumers with many disease management and wellness initiatives including diabetes prevention and management, mental health and memory care, cardiovascular health, and wellness and general health. DaVita also directly delivers the top kidney care online resource in the world: DaVita.com

DAVITA'S INTEGRATED KIDNEY CARE MODEL

DaVita is leading the shift to integrated kidney care through promoting C-SNPs and ESCO demonstrations.¹ After being selected through the CMS bidding process, DaVita now operates demonstration program ESCOs in three markets, Phoenix, Miami and Philadelphia. These ESCOs are producing valuable experiences for DaVita to incorporate in its clinics throughout the country and providing a foundation for an even better integrated kidney care model for the future. DaVita passionately believes that integrated care should be the standard for all people with kidney disease. The shift to value-based reimbursement is helping to accelerate the opportunity for more patients to benefit from integrated care. The primary objective of VillageHealth, DaVita's renal population health management division, is for patients to live healthier and higher quality lives.

DaVita's integrated kidney care programs have demonstrated compelling results:

- 25 percent lower hospitalization rate than the industry average
- 51 percent lower readmission rate than the industry average
- Up to 21 percent addressable cost savings over four years

Patients with CKD are among the most vulnerable and medically complex populations suffering from a chronic illness. Integrating care for people with kidney disease involves coordinating care before and during the transition to dialysis or transplant and then inside and outside of the dialysis clinic to achieve better clinical outcomes and improve patient quality of life. When done right, integrated care can translate into significant cost savings for the greater health care system – including payors, providers and taxpayers – and ultimately patients themselves.

For more than two decades, DaVita has led the industry in providing proven, renal population health management. As the country's largest renal NCQA-accredited provider, DaVita currently impacts the lives of more than 20,000 patients each month through its health system partnerships, C-SNPs and ESCOs. DaVita's three ESCOs have achieved 100 percent quality reporting scores, experienced a 13 percent reduction in hospital readmissions and saved \$4,868 per patient per year. While DaVita is focused on a specific condition, ESRD, and more specifically on dialysis, DaVita is also committed to being a key player in population health management and value based care for kidney patients. This is in furtherance of DaVita's mission statement, which includes the missions of creating the greatest health care community the world has ever seen and being a role model for American health care.² As a niche provider, DaVita cannot do this alone.

¹ The Comprehensive ESRD Care (CEC) Model is designed to identify, test, and evaluate new ways to improve care for Medicare beneficiaries with End-Stage Renal Disease (ESRD). Through the CEC Model, CMS partners with health care providers and suppliers to test the effectiveness of a new payment and service delivery model in providing beneficiaries with person-centered, high-quality care. The Model builds on Accountable Care Organization experience from the Pioneer ACO Model, Next Generation ACO Model, and the Medicare Shared Savings Program to test Accountable Care Organizations for ESRD beneficiaries.

² For additional information, see <https://www.davita.com/about>.

This is where its partnership with DMG comes in. DaVita already works hand-in-hand with nephrologists to optimize care, but by partnering with DMG, DaVita has the opportunity to collaborate on population health management and further improve care delivery and coordination services to the benefit of patients.

Like DaVita, DMG continually strives to innovate. The practice's model is Quality, Efficiency and Access (QEA), and DMG seeks to offer a proactive model of health care – providing quality care, in the most advanced facilities, aided by the latest technology. Recent examples of innovation by DMG include the following:

1. **BreakThrough Care Center.** DMG operates the BreakThrough Care Center, a comprehensive, holistic outpatient clinic serving the most vulnerable Chicagoland seniors who struggle with chronic disease. The Center is designed to improve medical outcomes while lowering health care costs and improving patients' ability to manage their health outcomes. It has been a success since its opening in 2014. Patients' biometrics have improved, health care utilization has been optimized (with all patients seen within 24 hours of hospital discharge), and ER admission rates and acute admissions have decreased. Patients have a 30-day chronic readmission rate of only 7.2% and a high generic pharmacy utilization rate of 89%.³
2. **Illinois Health Partners.** Accountable Care Organizations (ACOs) are groups of doctors, hospitals and other health providers who come together voluntarily to provide high quality care to their Medicare patients. DMG is part of Illinois Health Partners, the fifth largest ACO in the country, of which nearly half of patients are DMG members. Illinois Health Partners ranks in the bottom quartile for cost per beneficiary and the top 15% for quality. It is also the top-performing ACO in Illinois and the lowest cost ACO in Chicago.
3. **Integrated Oncology Program.** DMG cancer patients benefit from its renowned Integrated Oncology Program, which is comprised of physicians who specialized in medical and radiation oncology and partner with myriad other specialists to provide a broad range of oncology services. Through this model, DMG physicians help patients navigate the entire treatment process from screening and diagnosis to treatment recovery and support. DMG also continues to invest in technology to aid in the most accurate diagnoses and treatment options available. This allows DMG patients to access the latest clinical trials, emerging treatments, and adapt to the ever-changing needs of its patients. As a result, DMG's Integrated Oncology Program remains the only accredited Freestanding Cancer Center in Illinois, a distinction bestowed by the Commission on Cancer of the American College of Surgeons.⁴

³ Additional information is provided in the attached summary of the BreakThrough Care Center.

⁴ For additional information, see https://www.dupagemedicalgroup.com/userfiles/file/AnnualReport_2017_Web.pdf.

DMG's success in these and other areas of innovation will be invaluable as DaVita and DMG work to jointly manage highly complex CKD and ESRD patient populations. As discussed further in the Application, DaVita and DMG expect the Proposed Clinic to serve as the genesis of a patient care delivery model that will rectify current shortcomings and remove impediments to optimal care of patients with kidney disease within DuPage County. The symbiosis of DMG and DaVita's resources and talents will immediately address identified weaknesses within current care delivery models and lead to future advances designed to meet the growing needs of those with ESRD in DuPage County.

Patients at risk of losing their renal function will benefit from DMG's multi-disciplinary team that works to jointly maintain kidney function and slow the progression of kidney disease. DMG patients benefit from increased communication between primary care physicians, nephrologists and other specialists who work together at DMG to treat the entire patient. This process is set in motion by patients' timely referral to nephrologists and coordinated efforts by their physician care team to address a patient's kidney disease and any underlying factors leading to its progression. This includes efforts to help improve adherence to treatment plans and lifestyle modifications to reduce diabetes rates and manage hypertension. Additionally, because DMG physicians have centralized scheduling and coverage determinations, patients have an entire network of specialists they can call upon without facing administrative road blocks or insurance obstacles. DMG is committed to preventing CKD and its related comorbidities in its patient base. DaVita wants to support these efforts and regularly lends tools and other assistance to support these goals.

For those CKD patients whose kidney disease progresses to ESRD, DMG nephrologists are adept in ensuring a smooth transition to dialysis, including the timely placement of AV fistulas prior to a patient beginning hemodialysis to avoid unnecessary procedures and complications. DMG patients would then continue to receive seamless and coordinated care as they begin their dialysis with DaVita at the Proposed Clinic. Patients' care teams will continue to have aligned incentives to reduce hospitalization, improve clinical outcomes and delivery critical interventions. Patients will benefit from having renal nurse care managers who coordinate their care among the dialysis center care team (renal nurses, dieticians, and social workers), nephrologists, specialists, behavioral health specialists and pharmacists. Additionally, renal nurse care managers will utilize robust technology platforms, including predictive models and analytics to deliver clinical protocols developed with each patient in mind.

DaVita's proprietary patient care tools, educational resources, quality initiatives, and in-center hemodialysis operational expertise, along with DMG's medical staff collaboration, integrated EHR systems, patient-oriented health portal, and robust administrative support tools, further provide the foundation for an innovative approach to this joint venture.

The DaVita-DMG partnership truly integrates primary care physicians, nephrologists, and other specialists into the care model to enhance collaboration by all providers to decrease disease progression, mortality rates, and hospitalization rates. As illustrated in the attached diagram titled "DaVita Comprehensive Care Model," this collaboration will improve every aspect of patient care.

DaVita Comprehensive Care Model

Foundations

Care Management Capabilities

Comprehensive care management capabilities are essential to ensure that patients receive the best possible care. This includes the ability to identify and address patient needs, coordinate care across different providers, and monitor patient outcomes.

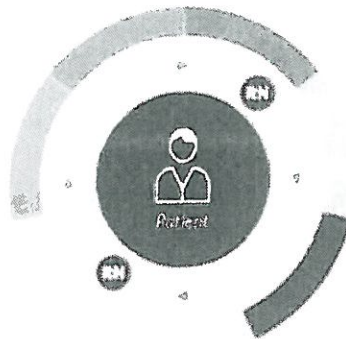
Integration

Integrated Patient Experience

The integrated patient experience is a key component of the Comprehensive Care Model. It involves ensuring that patients receive consistent, high-quality care across all touchpoints, from initial contact to ongoing care and follow-up.

Late-Stage CKD Care

Late-stage CKD care involves a coordinated effort between various healthcare providers, including nephrologists, dietitians, and social workers. The goal is to optimize patient outcomes and quality of life through comprehensive care management.



Approved providers

Approved providers are healthcare professionals who are authorized to provide care to patients under the Comprehensive Care Model. This includes nephrologists, dietitians, and other specialists who are trained and certified to deliver high-quality care.

Advanced Care

Advanced care involves the use of specialized medical equipment and techniques to provide high-quality care to patients. This includes dialysis, transplantation, and other advanced medical procedures.

Technology

Technology plays a crucial role in the Comprehensive Care Model. It enables healthcare providers to communicate and collaborate more effectively, improving patient outcomes and reducing costs.

Network Alignment

Network alignment involves ensuring that all healthcare providers are part of the same network, allowing for seamless coordination of care. This includes aligning medical records, billing systems, and other operational processes.

A DMG-DaVita partnership integrates PCPs, Nephrologists, and other specialists into the care model to enhance collaboration by all providers to improve outcomes and reduce costs

EXHIBIT 6

THIS TESTIMONY IS EMBARGOED UNTIL THE START OF THE HEARING THURSDAY, APRIL 26 AT 10:00 AM

Comments for the Record

U.S. House Committee on Ways and Means, Subcommittee on Health

Hearing on

Innovation in Healthcare

Thursday, April 26, 2018

By Mathew Philip, MD

Physician and Member of the Board of Directors

DuPage Medical Group

Mr. Chairman, Ranking Member Neal, members of the Committee, good morning and thank you for inviting me to appear here today to share with you our best practices and innovation in health care delivery. I am Dr. Mat Philip, an internal medicine physician with DuPage Medical Group, one of the largest, independent multi-specialty physician groups in the country located in Suburban Chicago. With more than 700 physicians, 200 advanced practice professionals and 4,900 employees, we see more than 800,000 unique patients annually. I joined DMG in 2009, after finishing my training at Northwestern University Feinberg School of Medicine and University of Illinois in Chicago. DMG is an organization that focuses on delivering the highest quality of care, service and value to the communities we serve. DMG accomplishes this through an integrated outpatient delivery model. I serve on the Board of Directors and my practice is dedicated to caring for fragile seniors.

It is critical that the Committee is seeking to understand this issue. As a physician-owned and directed group, we believe that the power to change health care delivery rests in large part with physicians and the relationship we have with our patients. DMG is constantly looking for ways to innovate and improve health care. As many of you know, an average of 10,000 people each day turn 65, each year, and that

number will increase. Several years ago, it became clear that the most vulnerable patients in our communities were seniors, and they were being underserved by the system. These patients are many times home-bound without any support system around them. Most have co-morbid diseases and lack access to doctors, medications, transportation and in many instances proper nutrition. The main access point to care for these seniors is dialing 911, which leads to a continuous cycle of emergency room visits and numerous hospitalizations. These patients can be hospitalized for the same diagnosis dozens of times per year. Our goal is to help keep these patients at home and out of the hospital. In fact, data from the Department of Health and Human Services noted that approximately 5% of patients account for 50% of healthcare costs among seniors. It was obvious to me and my colleagues that there was a better way to help these patients. Through a physician-driven exercise, we started an intensive team-oriented care model to meet the complicated needs of this fragile population. The model is set up with care teams led by a physician who is supported by advanced practice providers, pharmacists, social workers and health coaches. The results have been nothing less than transformational. Through our high-touch model we reduced admissions, re-admissions and complications for these fragile seniors by as much as 50%.

Last week in my clinic, I saw Mr. R, an 83-year-old with chronic pain. He was a former college football player and drives over an hour and a half to see me in my Intensive Outpatient Clinic (IOP) in Wheaton, because he realized his health was progressively getting worse and he needed help. He saw multiple physicians and specialists who placed him on stronger and stronger medications, such as Percocet (opiate), Hydrocodone (opiate), Lorazepam (anti-anxiety controlled substance), and Restoril (controlled substance that is a sleep aid). The combination of these pills more than doubled his risk of overdose, stroke and heart attack. My team and I developed a treatment plan for him and his wife, who is a nurse, to follow. He is now completely off all opiates and all controlled substances and feels better than he has

in years. He states he felt like he was walking under water before, and now his pain is better and he's able to spend more time with his grandchildren and attend a weekly men's breakfast which brings him a lot of joy.

This is an example of a systematic care delivery model that puts the patient at the center of our decision making. Being physician-owned and directed allows us to create a high-quality, high-value, high-safety environment for our patients to seek care. We utilize a uniform medical record across all of our locations and have built out an infrastructure that meets the needs of our community including immediate care centers, imaging services, ambulatory surgery centers and integrated oncology services - all in a safer environment and lower cost than the traditional system. We are able to reduce redundancy of services and decrease variation leading to increased quality and safety. We take fragmentation out of the system.

Another case that I also saw last week highlights the need of the IOP clinics and the value that DuPage Medical Group delivers, to our patients, and the health care system overall. Mr. T is a 71-year-old retired military serviceman who sought care at a neighboring private health system. He inevitably ended up in the local hospital emergency department, or was hospitalized, every two weeks. He was being cared for by multiple specialists and his primary care physician but would often call his doctor's office and be referred to the emergency department. His kidney function was progressing to the last stage before dialysis. Nobody seemed to be coordinating his care or taking an active role in the management of his chronic conditions. When he joined the IOP clinic eight months ago, we developed a treatment plan with him after understanding his ailments and his goals for improving his health. We realized he had been put on too many medications and was getting confused with his treatment plan. It seemed like every physician told him something different. By removing some of his medications, simplifying his treatments, and seeing him regularly, he hasn't been to the emergency room or the hospital in over six

months! He is also feeling better, and his kidney and heart function have shown significant improvements.

I think patient examples help tell the story of what we are able to achieve. We are improving the quality of life for our patients, keeping them out of the hospital when it is not necessary and improving the health care system. Real outcomes are demonstrated in metrics, and we are very pleased with our ACO results. DuPage Medical Group is part of IHP ACO, the 5th largest ACO in the country. This ACO ranks in the bottom quartile for cost per beneficiary and the top 15% for quality. Our members comprise nearly half of this ACO. We are proud of our results as the top-performing ACO in Illinois.

In closing, we will continue to innovate; it is part of our entrepreneurial nature. I would ask the Committee to examine these key areas to improve care for Medicare recipients:

1. Allow for additional services to be reimbursed in an Ambulatory Surgical Center (ASC) setting. Many services historically have exclusively been done on an inpatient basis and are now routinely done in an ASC setting at a much lower cost. Orthopedic procedures, such as total joint replacement and spine surgeries, are a few examples.
2. Pay for real value. The current ACO system does not recognize the best-performing organizations like DuPage Medical Group. We were the lowest cost ACO in Chicago and did not receive shared savings in the most recent year.
3. Include digital and telehealth services. We have the technology and experience in this area as we have been offering telehealth services for the last four years for patients who are willing to pay for these services. Covering these services would allow for greater access and efficiency for patients and providers. We could do a much better job of avoiding hospital admissions and re-admissions through the deployment of technology.

THIS TESTIMONY IS EMBARGOED UNTIL THE START OF THE HEARING THURSDAY, APRIL 26 AT 10:00 AM

I want to thank the members of this Committee for the opportunity to share our doctor-directed, patient-focused model, and also thank my fellow panelists in leading the charge to use innovation to improve health care. DuPage Medical Group looks forward to being an active participant as the Committee and Congress work to improve health care delivery for our seniors, and all patients.

Exhibit 7

The opposition comments result from the market rivals' dissatisfaction that they will have to compete in a meaningful way in a market they have always dominated since dialysis and nephrology services became available to treat ESRD in the early 1970s. They must be viewed in that lens. All of the competitors' complaints against the Proposed Clinic fall under just a few themes.

False Narrative: Lack of Need/Demand for Services

Grouping the Proposed Clinic in Romeoville with a variety of other pending projects in other service areas, Fresenius Medical Care ("FMC") and its conspirators falsely assert that there is not demand for services in Romeoville. The material need for additional dialysis services in Romeoville has been thoroughly documented in this letter and previous submissions. Ironically, as described below, the need for the Proposed Clinic, is supported by FMC's own documentation provided in its submission for its newest clinic closest to the Romeoville area.

FMC, DaVita's primary competitor is a German conglomerate and is the world's largest manufacturer and distributor of dialysis products and provider of dialysis services. It is also the largest dialysis provider in the State of Illinois and specifically in HSA 7, 8 & 9 it controls more stations than all if its competitors combined (1,023 Stations of 55% of the market). FMC and its affiliated nephrologists who are contractually bound to work exclusively with FMC in this market and are the presumed equity partners of FMC dialysis clinics in the area have leveled multiple dishonest assaults against the Proposed Clinic.

Both FMC and Nephrology Associates of Northern Illinois and Indiana ("NANI") which dominate northern Will County and nearby planning areas (along with many others) have used aggressive tactics against the Proposed Clinic and against the entry of additional nephrologists into the market. But in doing, they have been deceitful and have shown a lack of respect for the process making their submissions on or near the last day of the public comment period and then swamping the public hearing testimony with a scattershot of intentionally misleading information denying that there is a need for additional dialysis services without providing supporting data.

As background, from 1997 to 2000, FMC developed its Chicagoland presence through the acquisition of NANI's affiliated dialysis clinic company called, Everest, for \$343 million. This was soon after its acquisition of the Associates in Nephrology affiliated dialysis company, Neomedica, about 20 years ago. At that time, DaVita did not operate in metropolitan Chicago. DaVita's ability to service patients in Chicago has been stifled by the exclusive relationships that these acquisitions have created with area nephrologists which have created barriers to entry based on those contractual arrangements with nephrologists. DaVita's barriers to entry include:

- 1) Limited available medical directors as required by CMS due to the large scale exclusive relationships between FMC and most of the nephrology practices in the area
- 2) Uncommon scale of the practices, particularly NANI which is the 2nd largest group in the nation (and growing as it has been purchasing many smaller nephrology practices and putting them under exclusive contracts and further reducing available medical directors required by CMS for clinical oversight of dialysis clinics for other dialysis providers.

3) While NANI and AIN physicians are welcome to treat their ESRD patients at DaVita facilities, these nephrologists have been unwilling to provide CKD data necessary to support the development of DaVita facilities which creates a further barrier to competition

FMC has previously leveraged this process to keep DaVita and Northeast Nephrology out of northern Will County. Several years ago, in 2011, Northeast Nephrology tried to develop a dialysis clinic in Crest Hill with DaVita, just south of Romeoville. At that time, there was a technical excess of 55 stations in the planning area. This was true despite the fact that area dialysis clinics had experienced significant growth in ESRD patients. FMC also had a project pending in Will County (10-066). In connection with that filing, it had submitted a data analysis showing that there was a need for 152 stations in HSA 9. In 2011, the FMC application was approved despite a technical excess of stations and strong opposition from Silver Cross Hospital which cited technical deficiencies with its application and from other area providers. The clinic proposed by DaVita and Northeast Nephrology was denied. Only by the acquisition of other clinics in this area does DaVita have any market presence in Will County.

Just like in 2011, at the last meeting where this project received an intent-to-deny despite strong demand and an identified need for stations, FMC was approved for a dialysis clinic approximately across a parking lot from another existing HSA 9 DaVita clinic in New Lenox. Based on identified planning area need, DaVita did not oppose that clinic. During the same meeting, with FMC and its physicians strenuously objecting, DaVita's Romeoville proposal was turned down despite evidence in the State Board staff report of demand for services. We believe the manipulation of the process by FMC is improperly creating confusion and makes it hard for Board members to hear the merits of the project. FMC tactics in Will County were effective in blocking out DaVita from this area in 2011 and have thus far been effective in blocking the Proposed Clinic in Will County. FMC uses the same or similar reasonable justifications as DaVita for explaining why a clinic is necessary despite technical deficiencies. This is illustrated by reviewing some of the data and arguments that used in project 10-066 which is included as an exhibit to this letter.

FACT: Using the same formula that FMC used to support approval of its Joliet clinic in 2011 which effectively blocked this joint venture, there is a need for 43 stations in the Planning Area and 18 are needed in Romeoville.

As referenced earlier, FMC despite its uproar against this project, has provided patient data supporting this proposal. Specifically, in its nearby FKC Woodridge clinic proposal approved last year, the referring NANI physician (Dr. David Schlieben) identified 481 pre-ESRD patients who live in the area of Woodridge, Bolingbrook and South Naperville who will ultimately require dialysis services. Of these pre-ESRD patients, he identified 138 patients he expects will require dialysis services at the planned FMC clinic in Woodridge to bring utilization of that clinic to 191% within two years of opening.[3] Further, FMC and NANI are well-aware that the State Board examines each application on the four corners of its application and does not batch projects. However, these aggressive competitors have taken advantage of the generally unrestricted public comment processes to loudly bellow objections to obscure the merits of the Proposed Clinic and the Applicant's thoughtful and purposeful planning of the Proposed Clinic in a growing area, both in population and ESRD patients. This ruse impacts the process and the community intended to be served which needs additional access to dialysis stations. It is particularly an abuse of process given the public record that FMC and NANI have created in advocating for additional capacity in nearby areas. Moreover, both opposing competitors are keenly aware that ESRD need and

the State's station need methodology is very specific than the other categories of service. New dialysis clinic justification is patient specific and updated utilization is available on a quarterly basis. The patients identified for the Proposed Clinic have not been used to justify another dialysis clinic and once they are placed on dialysis, most are expected to survive their kidney disease for many years and will effectively be the residents of the Proposed Clinic for their lifetime.

In legally defending its role in other matters, the State Board has pointed out that it is not the responsibility of the State Board to maintain market share of individual providers or to otherwise protect them. This is established by law. See *Cathedral Rock*, 308 Ill.App.3d at 540, 242 Ill.Dec. 158, 720 N.E.2d 1113, *Provena Health v. Illinois Health Facilities Planning Board*, Appellate Court of Illinois First District, First Division, No. 1-07-1952 (Decided March 31, 2008).

False Narrative: Corporate Takeover

The Proposed Clinic is an average sized, 12 station clinic that will serve approximately 65 patients. There are 870 existing patients on dialysis in the planning area.[4] The allegation that the Proposed Clinic amounts to a corporate takeover is completely contrary to the facts. Even if all the pending DaVita clinic proposals in metropolitan Chicago were approved, it would still lag far behind FMC in market share with FMC retaining a market share of more than all its competitors combined (52%) compared to DaVita's 17% in HSA's 7, 8 & 9. As to nephrology supply, Northeast Nephrology Consultants is a small, five physician nephrology practice and DMG, which may refer a few patients to this Proposed Clinic, employs 10 nephrologists. These nephrology groups are dwarfed by the size of the NANI and AIN groups which combined employ approximately 145 nephrologists. The next largest nephrology practice after these groups in Illinois is the University of Chicago faculty group which has 19 nephrologists, many of whom split their professional time between practicing medicine and teaching. As advertised on its website, NANI alone is the second largest nephrology group in the country.

The residents of Romeoville, a working town of 40,000 residents, have no immediate access to a dialysis clinic. In New Lenox, a community of approximately 34,000[5] outside of the Proposed Clinics patient service area, there are two clinics for a total of 31 stations. In the 10-mile geographic service area, FMC holds 74% of the total number of dialysis stations to DaVita's 19%. The impact of the Proposed Clinic on market share would be negligible and would alter the market share to 69% for FMC and 24% for DaVita. If the Proposed Clinic is approved, there will be change in number of stations in the 10 mile patient service area from 182 to 194 with FMC controlling 134 stations compared to DaVita's 47 stations. It is audacious and dishonest, particularly coming from the largest dialysis company in the world and one of the largest nephrology practices in the county to present the Proposed Clinic as a corporate takeover.

False Narrative 3: Lack of Innovation

This item has been used by the opposition to assert that it participates in an ESCO and therefore, the competitors and their physician partners provide seamless coordinated care for their ESRD patients. Moreover, by merely participating in the ESCO, the competitors' facilities are innovative and therefore providing cost savings. These competitors compare the ESCO to DMG's ACO, which is like comparing apples to oranges as DMG is an independent multi-specialty physician group of over 600 physicians yet only 10 are nephrologists. As an ESCO solely deals with dialysis, this is an erroneous analysis.

The competitors have doubled down on this red herring as they also criticize DaVita for not participating in the Chicago ESCO stating that if the Proposed Clinic is approved somehow innovation will be stifled and the ESCO will be undermined. The competitors acknowledge that DaVita does participate in ESCO's but just not this one. Moreover, participation in an ESCO does not preclude empirical quality measures to be implemented as DaVita's employed quality measures are second to none. Refer to the quality initiative data supplemented herein where it is documented that DaVita has been national clinical leader in CMS 5-Star for the past 4 years and had significantly fewer Medicare's quality incentive program (QIP) penalties. It is worth repeating that in the newly released 2017 star ratings DaVita continued the trend of highest percentage of four and five star clinics and is an industry leader with 93% of its clinics rated 3 star or better compared to 86 percent for the rest of the industry.

This is not just a national storyline. In Chicagoland, QIP penalties were at 13.3% DaVita clinics as compared to 19.3 for Chicagoland overall. The Five Star rating system has 48% of DaVita clinics as 4 or 5 star clinics compared to only 16% for the other dialysis providers. Conversely, 45% of the other dialysis providers are either 1 or 2 star facilities.



Fresenius Medical Care

RECEIVED

JAN 14 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

January 13, 2011

Dale Galassie
Chairman
Illinois Health Facilities & Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Additional Information
Project: #10-066, Fresenius Medical Care Joliet

Dear Mr. Galassie,

The enclosed pages contain additional information in response to the Intent to Deny given to the above mentioned project at the December 14, 2010 meeting and in response to information requested by the Board.

Thank you for your time and consideration of this information.

Sincerely,

Lori Wright
Senior CON Specialist

cc: Clare Ranalli

ADDITIONAL INFORMATION FOR #10-066, FRESenius MEDICAL CARE JOLIET

Criterion 77 Ill. Adm. Code 1100.1430(b) - Planning Area Need

1. Formula Calculation

According to the December 17, 2010 Board station inventory, there are 213 approved existing stations in HSA 9 with the calculated need being only 162. This leaves an excess of 51 stations. The Fresenius Medical Care Joliet project thus does not meet the Formula Need Calculation criteria. However, since the time this need was calculated, there has been significant population growth in HSA 9 as well as growth of ESRD, specifically in Will County and the Joliet area. A revised calculation utilizing updated statistics shows a significantly higher need for ESRD stations in HSA 9 by 2015. The revised calculation below exhibits a calculated need for 101 additional stations in HSA 9. Given this, the project meets the Formula Need criteria.

State Institutional Dialysis Patients 2010 ¹	14,440
State Population Projections 2010 ²	13,279,091
State Use Rate	1.087
Minimum Institutional Dialysis Use Rate	0.652

H S A 9 Institutional Dialysis Patients 2010 ³	809
H S A 9 Population Projection 2010 ⁴	927,536
H S A 9 Use Rate	0.872

H S A 9 2015 Population Projection ⁵	1,040,980
2015 Estimated Dialysis Patients	1132
5 Year Increase	1,506
Projected Treatments 2015	234,936
Stations Needed 2015	314
Approved Existing Stations	213
Additional Stations Needed	101

¹ The Renal Network 12-31-2010 Utilization Data

² Illinois Department of Commerce & Economic Opportunity (DECO) population projections summary by county.

³ The Renal Network 12-31-2010 Utilization Data

⁴ Illinois Department of Commerce & Economic Opportunity population projections summary by county.

⁵ Illinois Department of Commerce & Economic Opportunity population projections summary by county.

Although all facilities within 30 minutes travel time are not operating above 80% utilization a significant number of those that the patients identified for the Joliet facility could reasonably utilize are above 80% restricting these patients access to services.

Facility	Address	City	ZIP Code	Miles	Time	Adjusted	Stations	Util ¹
New Silver Cross Hosp	US-6 & N Clinton St	New Lenox	60451	4.31	7	8	14	101% ²
Fresenius Lockport	1062 Thomson Avenue	Lockport	60441	5.75	11	13	12	0% ³
Sun Health	2121 W Oneida St	Joliet	60435	5.79	13	15	17	55%
Silver Cross West	1051 Essington Rd	Joliet	60435	5.73	17	20	29	84%
Fresenius Mokena	8910 W 192nd St	Mokena	60448	13.82	22	25	12	57%
Fresenius Orland Park	9160 W 159th St	Orland Park	60462	14.33	22	25	18	76% ⁴
Fresenius Plainfield	2320 Michas Dr	Plainfield	60586	15.48	25	29	12	74% ⁵
Fresenius Bolingbrook	329 Remington Blvd	Bolingbrook	60440	13.12	26	30	20	96% ⁶

¹ Utilization for December 31, 2010 draft data from The Renal Network figured on currently operating stations

² Silver Cross Hospital #10-020, approved July 2010, will add 5 stations to the facility in 2012

³ Fresenius Lockport # 09-037, approved December 2009, will be operational in late 2011, early 2012

⁴ Historically over 80%, 2 stations added September 2010 to alleviate high utilization and improve access for patients in Orland Park market

⁵ Fresenius Plainfield open only one year and already just under 80% utilization

⁶ Fresenius Bolingbrook historically over 80% despite expansions, 4 additional stations will be operational mid 2011, facility will still be over 80%

⁷ 4 Additional stations not yet operational will bring the total to 24

⁸ Total operating stations 122. 5 stations at Silver Cross Hospital will not be operational until 2012, 12 stations at Lockport will not be operational until late 2011, early 2012 and 4 stations at Bolingbrook will be not be operational until mid 2011.

The facilities that the patients identified for Fresenius Medical Care Joliet could potentially be referred to are Silver Cross Hospital, Sun Health, Silver Cross West and Fresenius Lockport. It is unreasonable to expect these patients to go outside of Joliet 13 -15 miles away to a separate market for services. As will be explained in the following section, the Fresenius Joliet facility will serve a specific disadvantaged patient population that will be put at an even greater disadvantage if this facility is not established.

Silver Cross Hospital – Silver Cross Hospital has been operating above capacity with 14 stations for several years creating a waiting list for patients. Although the facility is adding 5 stations to be operational in 2012, Silver Cross identified 54 patients who would be referred to bring the facility above 80%. Given current and historic utilization and certified patient referrals, Silver Cross Hospital will not be able to accommodate the patients identified for the Fresenius Joliet facility.

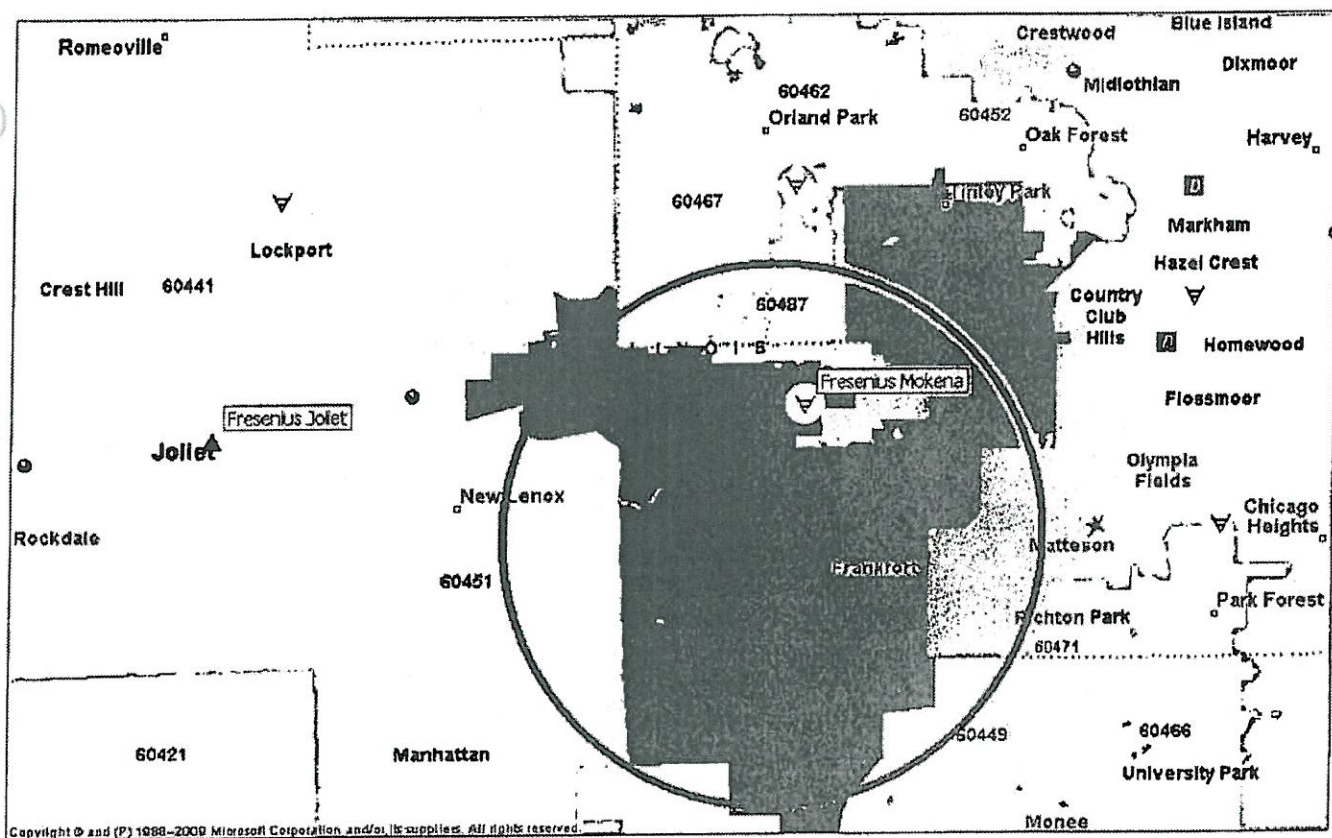
Silver Cross West – This facility is operating above 80% utilization and cannot accommodate the patients identified for the Joliet facility.

Sun Health – While underutilized, not all of the patients Dr. Alausa refers here are accepted and some are not able to be referred there due to their insurance provider.

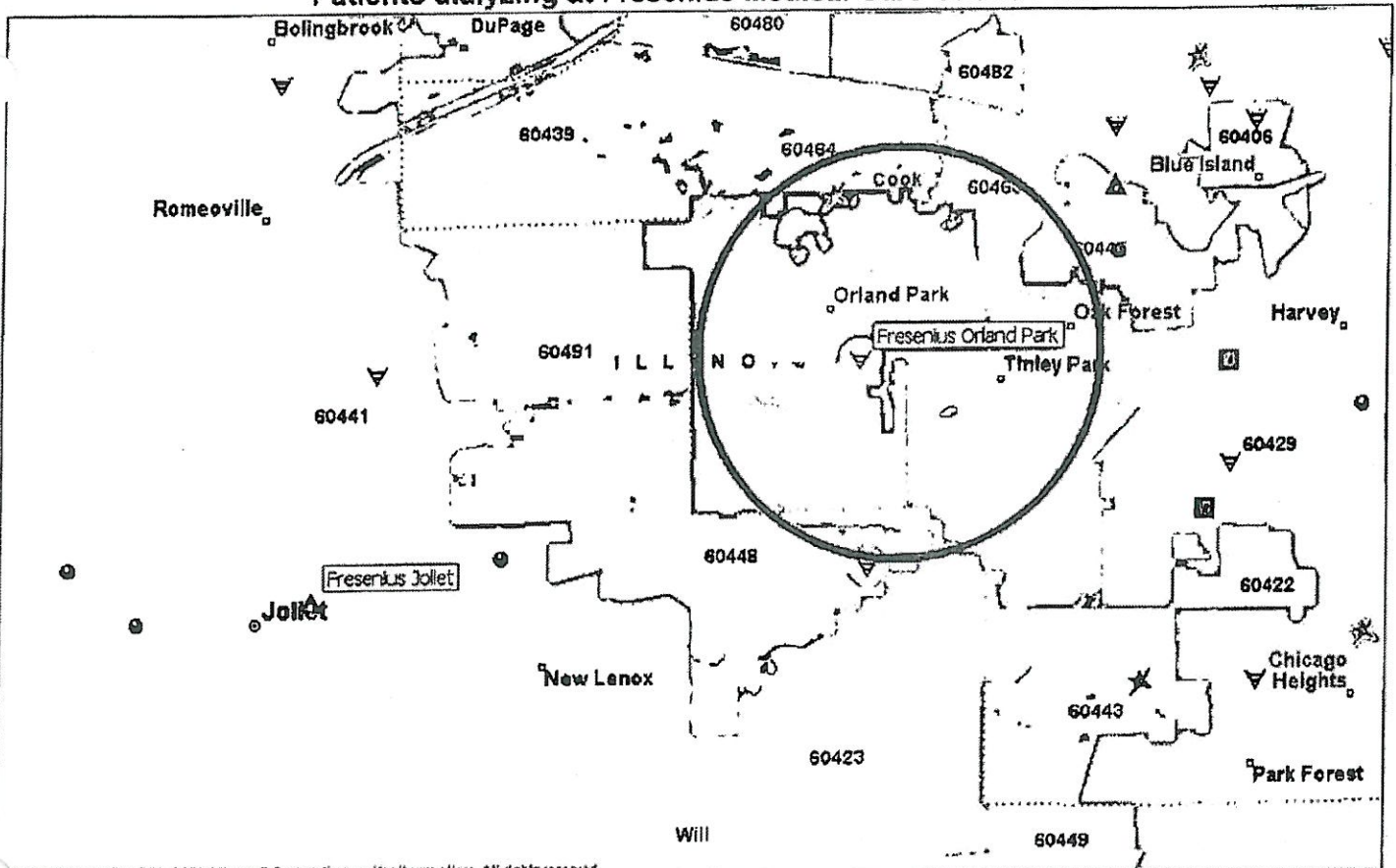
Fresenius Lockport – This facility will not be operational for another year and is supported by separate physicians/patients that do not practice/live in Joliet. Southwest Nephrology Associates based in Cook County (HSA 7) have identified 78 patients to bring that facility to 80% by the year 2013. Thus the facility cannot accommodate the patients identified for the Joliet facility. Aside from this, Dr. Alausa has also certified that he has pre-ESRD patients that he will refer to the Lockport facility that do live in the immediate Lockport area.

The only other facilities with any capacity within 30 minutes are Fresenius Mokena, almost 14 miles away and near the 30 minute travel time and Fresenius Plainfield over 15 miles away. (Given the extreme growth at Fresenius Plainfield, the facility is expected to be at 80% by the March 22nd meeting when the Joliet project is heard). While the Mokena facility did not reach target utilization within 2 years of operation, as most of the approved Fresenius facilities do, it is not a reasonable facility to send the patient population residing in East Joliet to. Dr. Alausa tries to place his patients in the facility nearest their home, due to the previously mentioned transportation problems experienced by dialysis patients. It would not be in the best interest of a patient from Joliet to be referred as far away as Mokena, unless it was the patient's preference, which is not likely. The maps below and on the following pages illustrate the distribution of patients dialyzing at current Fresenius facilities in the area and those identified for the not yet operating Lockport location and for Fresenius Joliet.

Patients dialyzing at Fresenius Medical Care Mokena

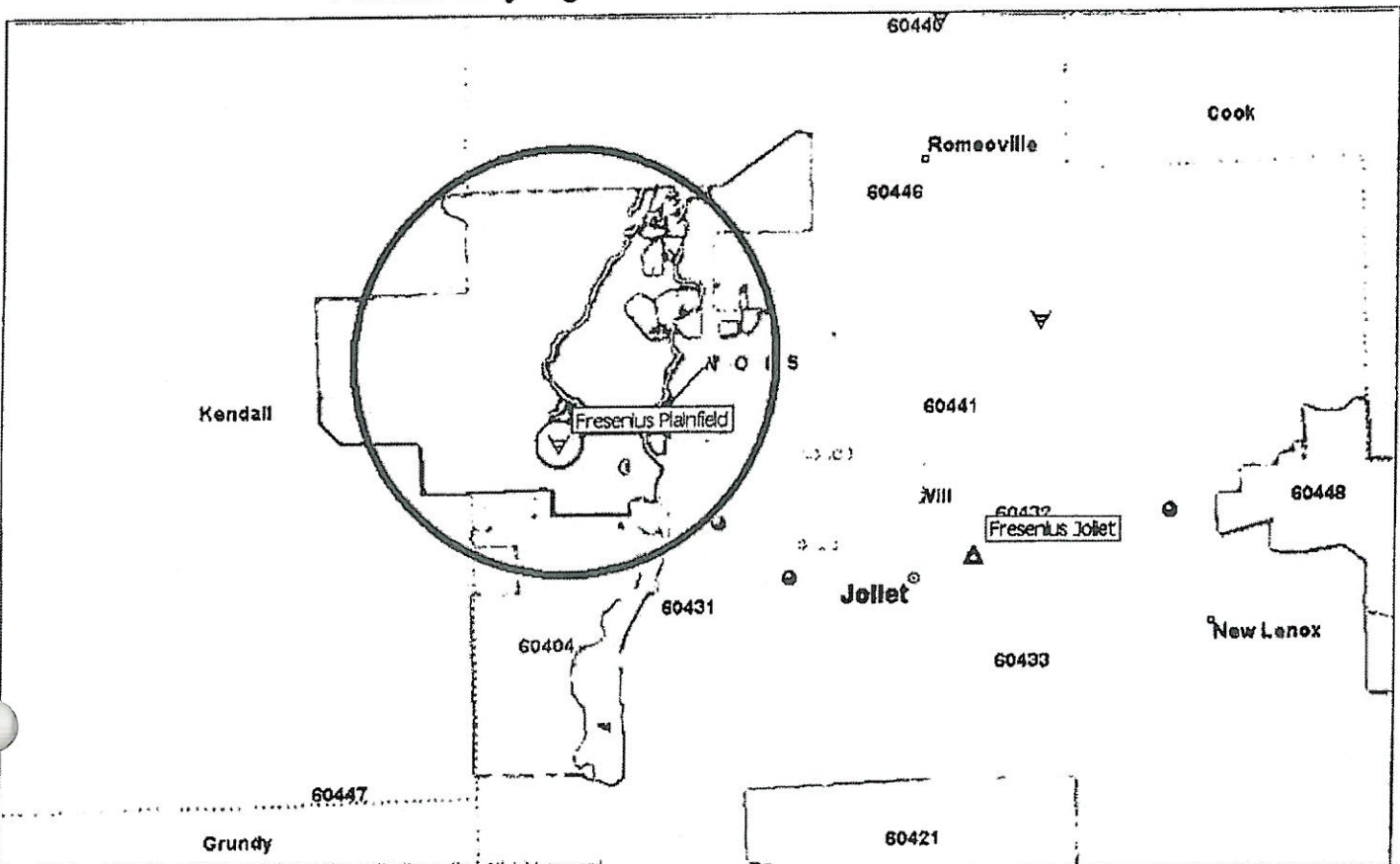


Patients dialyzing at Fresenius Medical Care Orland Park



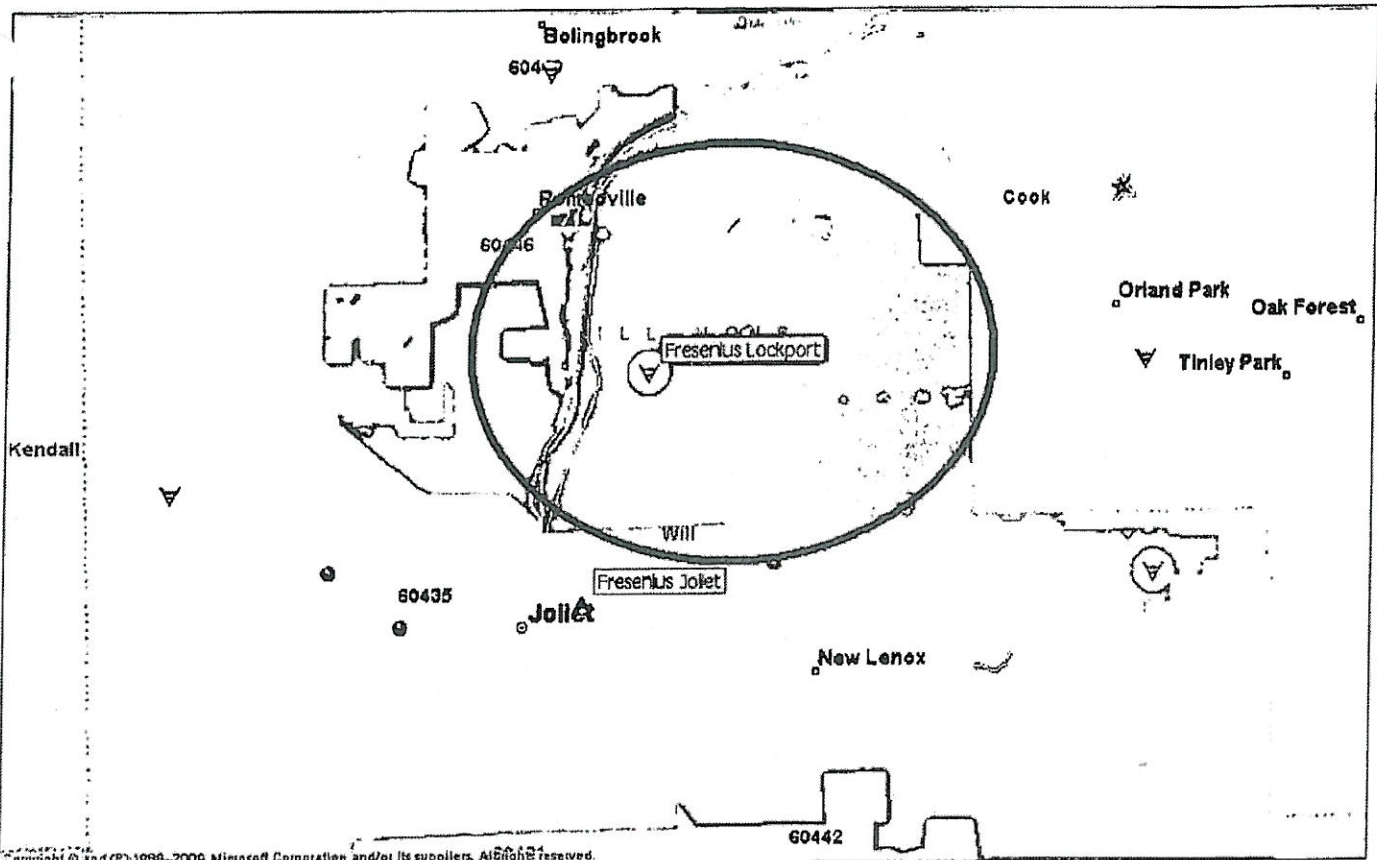
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Patients dialyzing at Fresenius Medical Care Plainfield

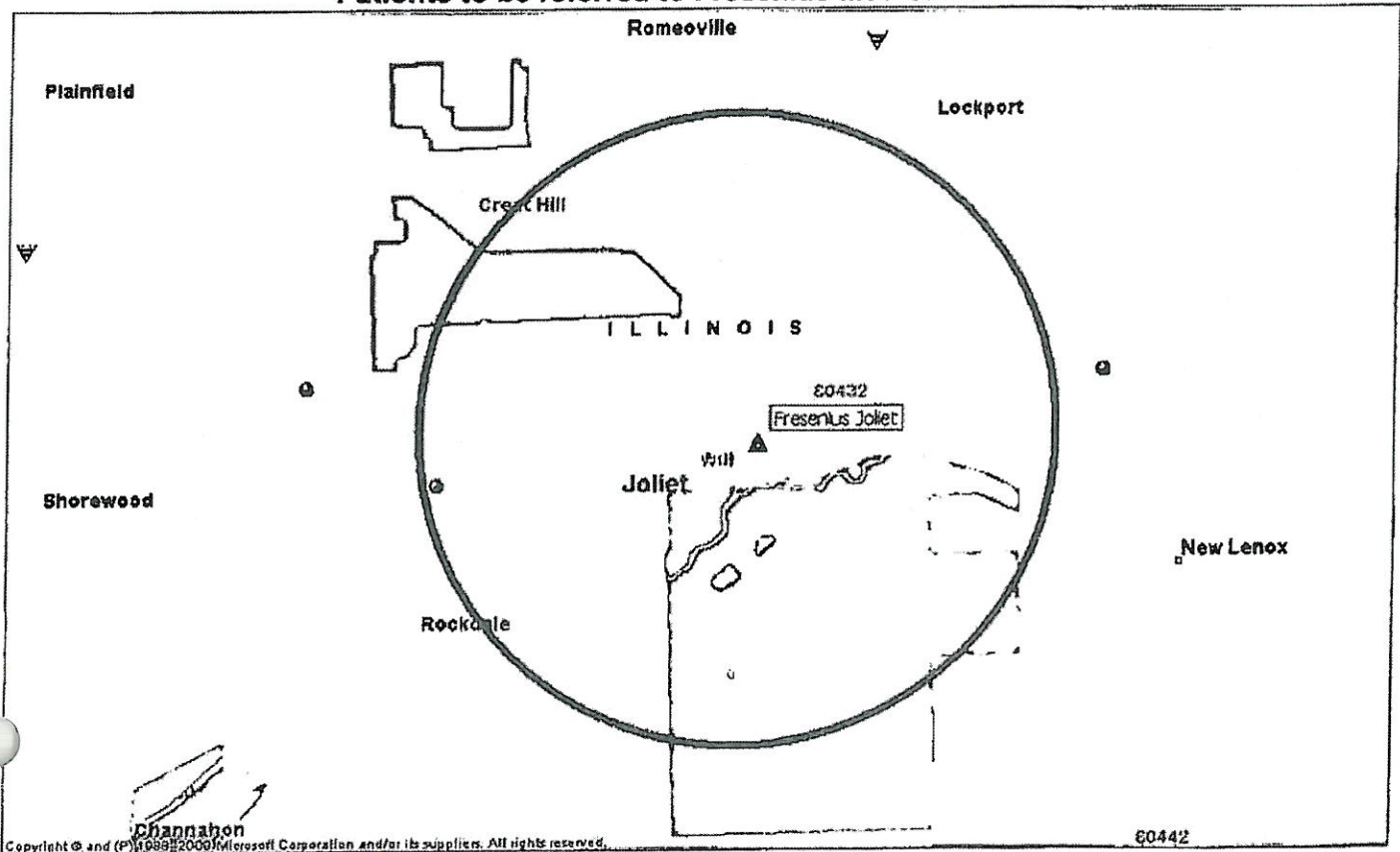


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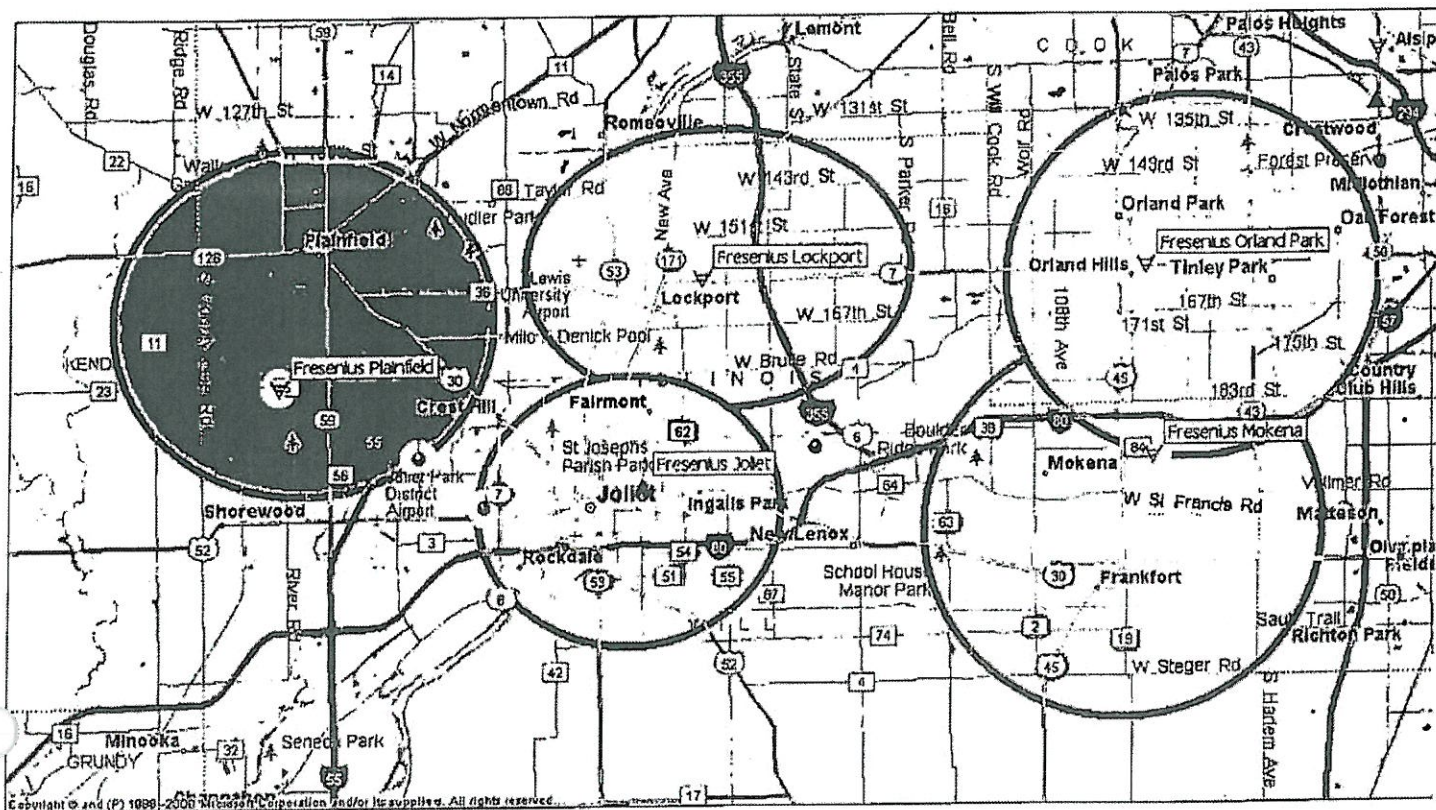
Patients identified to be referred to Fresenius Medical Care Lockport



Patients to be referred to Fresenius Medical Care Joliet



Based on the previous maps, below is a radius around each facility where a majority of the patients dialyzing at that facility reside.



As is seen in the above map, the greatest majority of patients dialyze near their place of residence and do not wish to nor is it in their best interest to travel extreme distances for dialysis treatment.

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230(a), Project Purpose, Background and Alternatives

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. This project is for the establishment of Romeoville Dialysis, a 12-station in-center hemodialysis facility to be located at 480 – 490 North Independence Boulevard, Romeoville, Illinois 60446.

TOVELL DIALYSIS, LLC (d/b/a ROMEOVILLE DIALYSIS)

With ultimate control of Tovell Dialysis through Total Renal Care Inc.'s 51% membership interest, DaVita Inc. is an applicant for the proposed facility. In addition, DuPage Medical Group, Ltd ("DMG") holds a significant minority interest in Tovell Dialysis, LLC. DaVita and DMG are leaders within the medical community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative practices. DaVita and DMG envision that the Romeoville Dialysis station will address a need for ESRD services within the community.

DaVita consistently differentiates itself from other kidney care companies and surpasses national averages for clinical outcomes. DuPage Medical Group distinguishes itself through quality care, with clinical outcomes and cost savings for DMG's Medicare programs ranking in the top percentile for the nation. DaVita's proprietary patient care tools, educational resources, quality initiatives, and in-center hemodialysis operational expertise, along with DMG's medical staff collaboration, integrated EHR systems, patient-oriented health portal, and robust administrative support tools, will support ESRD patients along their continuum of care.

Today, chronic kidney disease ("CKD") and end stage renal disease ("ESRD") is common and associated with excess mortality. A diagnosis of CKD is ascribed to over 10 million people within the United States, with many more at risk. The rise in diabetes mellitus and hypertension are contributing to the rise in CKD and ESRD, with these risk factors highly prevalent throughout the United States.

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 ESRD by multidisciplinary teams leads to improved disease management and care, mitigating the risk of disease advancement and patient mortality.

Accordingly, timely referral to and treatment by a multidisciplinary clinical team may improve patient outcomes and reduce cost. Indeed, research has found that late referral and suboptimal care result in higher mortality and hospitalization rates¹. Deficient knowledge about appropriate timing of patient referrals and poor communication between primary care physicians ("PCPs") and nephrologists have been cited as key contributing factors².

Critically, addressing the failure of communication and coordination among PCPs, nephrologists, and other specialists may alleviate a systemic barrier to mitigating the risk of patient progression from CKD to ESRD, and to effective care of patients with ESRD. Indeed a 2016 issue brief developed by the National Kidney Foundation and the Medicare Advantage Care Coordination ("MACC") Task Force found that because most patients with kidney disease have multiple complex health conditions, and see multiple providers and specialists, care coordination presents a particular challenge³.

¹ Navaneethan SD, Aloudat S, Singh S. A systematic review of patient and health system characteristics associated with late referral in chronic kidney disease. *BMC Nephrol.* 2008; 9:3.

² *Id.*

³ http://medicarechoices.org/wp-content/uploads/2016/04/MACC-Task-Force_CKD-and-Care-Coordination-Working-Together-to-Improve-Outcomes.pdf

Currently, DMG patients from the southwestern suburbs who require dialysis services may be removed from DMG's continuum of care. Remaining within DMG's continuum of care optimizes patient health and outcomes through provider collaboration and coordinated administrative tools. In addition to research emphasizing the value of care coordination among providers, research has generally displayed that the more information on a single EHR, the better the outcomes are for patient care. Patients receiving care on a single integrated EHR often experience reduced clinical errors and better outcomes as a result.⁴ With the development of the proposed facility, patient data generated at the dialysis facility will be migrated to the EHR systems accessible by all DMG providers.

This data integration ensures their PCP, nephrologist, and other specialists can access the patient dialysis records on demand. The applicants have the ability to design additional functionalities to address communication and coordination issues between physicians. This removes administrative burden and alleviates risks that a patient's PCP or specialist is missing information regarding their care, including dialysis treatments. By streamlining these processes, the applicants anticipate improved patient care and experiences.

The tailoring of familiar DaVita and DMG tools eases the burden on physicians and enhances the likelihood of success. In fact, studies have indicated that alleviating the perceived burden by physicians of implementation and participation to be vital to the success of new mechanisms designed to improve care⁵.

Patients will be empowered through DaVita and DMG's interest in the Romeoville Dialysis facility. DMG's "MyChart" enables a patient to access all their billing records and medical records stored within DMG's Epic-based EHR system. Similarly, DaVita maintains the "DaVita Health Portal," which tracks a patient's progress by sharing the patient's lab values, nutrition reports, health records, and for DaVita Rx members: prescriptions and medication lists. DMG and DaVita will integrate patient information from dialysis services and make it available to the patients through MyChart & DaVita Health Portal.

Through the development of the proposed facility, DMG and DaVita will improve the identification and treatment of CKD and ESRD patients. The increased communication and improvement in co-management between PCPs, nephrologists, and specialists will decrease disease progression, mortality rates, and hospitalization rates.

As detailed below, the applicants have the requisite qualifications, background, character and financial resources to provide dialysis services to the community. As discussed above, the applicants have a unique opportunity to develop an innovative continuum of care designed to improve the lives of area residents requiring dialysis treatment.

DAVITA, INC.

Pursuant to 20 ILCS 3960/2, the applicant DaVita Inc. has the requisite qualifications, background, character and financial resources to adequately provide a proper service for the community.

DaVita Inc. is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and empowering patients, and community outreach. As of September 30, 2016, DaVita provided services to approximately 199,000 patients. As detailed below, DaVita is committed to innovation, improving clinical outcomes, compassionate care, educating and empowering patients, and community outreach.

⁴ Nir Menachemi, Taleah H Collum, Risk Management Healthcare Policy. 2011; 4: 47-55. May 11, 2011).

⁵ Id.

DaVita is focused on providing quality care.

Based upon 2016 data from the Centers for Medicare and Medicaid Services, DaVita is the clinical leader in the Quality Incentive Program ("QIP") for the fourth straight year. DaVita had the highest average total performance score among large dialysis organizations, which are organizations that have at least 200 dialysis centers in the U.S. Further, DaVita ranked first in four clinical measures in the end stage renal disease ("ESRD") QIP program. QIP is part of Medicare's ESRD program aimed at improving the quality of care provided to Medicare patients. It was designed as the nation's first pay-for-performance quality incentive program.

In October of 2016, the Centers for Medicare and Medicaid Services ("CMS") released data on dialysis performance as part of its five star ratings program. For the third year in a row, DaVita outperformed the rest of the industry with the highest percentage of four- and five-star centers and lowest percentage of one- and two-star centers in the country. The Five-Star Quality Rating System was created as a way to help patients decide where they want to receive healthcare by providing more transparency about dialysis center performance. The rating system measures dialysis centers on seven different quality measures and compiles these scores into an overall rating. Stars are awarded for each center's performance.

On October 7, 2015, CMS announced DaVita won bids to operate ESRD seamless care organizations ("ESCO") in Phoenix, Miami and Philadelphia. ESCOs are shared savings programs, similar to accountable care organizations, where the dialysis providers share financial risks of treating Medicare beneficiaries with kidney failure. ESCOs encourage dialysis providers to take responsibility for the quality and cost of care for a specific population of patients, which includes managing comorbidities and patient medications.

In an effort to allow ESRD provider to assume full clinical and economic accountability, DaVita announced its support for the Dialysis PATIENT Demonstration Act (H.R. 5506/S. 3090). The Dialysis PATIENT Demonstration Act would allow ESRD providers to coordinate care both inside and outside the dialysis facility. The model empowers patients, emphasizes leadership, and facilitates innovation.

On June 17, 2016, CAPG awarded Healthcare Partners, DaVita's medical group division, multiple honors. CAPG awarded HealthCare Partners California and The Everest Clinic in Washington its Standards of Excellence™ Elite Award. Colorado Springs Health Partners received a Standards of Excellence™ Exemplary Award. Standards of Excellence™ awards are achieved by surpassing rigorous, peer-defined benchmarks in survey categories: Care Management Practices, Information Technology, Accountability and Transparency, Patient-Centered Care, Group Support of Advanced Primary Care, and Administrative and Financial Capability.

In August 2016, DaVita Hospital Services, the first inpatient kidney care service to receive Ambulatory Health Care Accreditation from The Joint Commission, was re-accredited for three years. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. For the past three years, DaVita identified key areas for improvement, created training presentations and documents, provided WebEx training sessions and coordinated 156 hospital site visits for The Joint Commission Surveyors and DaVita teammates. Accreditation allows DaVita to monitor and evaluate the safety of kidney care and apheresis therapies against ambulatory industry standards. The accreditation allows for increased focus on enhancing the quality and safety of patient care; improved clinical outcomes and performance metrics, risk management and survey preparedness. Having set standards in place can further allow DaVita to measure performance and become better aligned with its hospital partners.

On June 16, 2016, DaVita announced its partnership with Renal Physicians Association ("RPA") and the American Board of Internal Medicine ("ABIM") to allow DaVita-affiliated nephrologists to earn Maintenance of Certification ("MOC") credits for participating in dialysis unit quality improvement activities. MOC certification highlights nephrologists' knowledge and skill level for patients looking for high quality care.

Improving Patient Care

Kidney Disease Statistics

30 million or 15% of U.S. adults are estimated to have CKD.⁶ Current data reveals troubling trends, which help explain the growing need for dialysis services:

- Between 1999-2002 and 2011-2014, the overall prevalence estimate for CKD rose from 13.9 to 14.8 percent. The largest relative increase, from 38.2 to 42.6 percent, was seen in those with cardiovascular disease.⁷
- Many studies now show that diabetes, hypertension, cardiovascular disease, higher body mass index, and advancing age are associated with the increasing prevalence of CKD.⁸
- Over six times the number of new patients began treatment for ESRD in 2014 (120,688) versus 1980 (approximately 20,000).⁹
- Over eleven times more patients are now being treated for ESRD than in 1980 (678,383 versus approximately 60,000).¹⁰
- Increasing prevalence in the diagnosis of diabetes and hypertension, the two major causes of CKD; 44% of new ESRD cases have a primary diagnosis of diabetes; 28% have a primary diagnosis of hypertension.¹¹
- Lack of access to nephrology care for patients with CKD prior to reaching end stage kidney disease which requires renal replacement therapy continues to be a public health concern. Timely CKD care is imperative for patient morbidity and mortality. Beginning in 2005, CMS began to collect CKD data on patients beginning dialysis. Based on that data, it appears that little progress has been made to improve access to pre-ESRD kidney care. For example, in 2014, 24% of newly diagnosed ESRD patients had not been treated by a nephrologist prior to beginning dialysis therapy. And among these patients who had not previously been followed by a nephrologist, 63% of those on hemodialysis began therapy with a catheter rather than a fistula. Comparatively, only 34% of those patients who had received a year or more of nephrology care prior to reaching ESRD initiated dialysis with a catheter instead of a fistula.¹²

DaVita has taken on many initiatives to improve the lives of patients suffering from CKD and ESRD. These programs include the Kidney Smart, IMPACT, CathAway, FluidWise, WipeOut, MedsMatter, StepAhead, and transplant assistance programs.

⁶ Centers for Disease Control & Prevention, National Center for Chronic Disease Prevention and Health Promotion, National Chronic Kidney Disease Fact Sheet, 2017 (2017) available at https://www.cdc.gov/diabetes/pubs/pdf/kidney_factsheet.pdf (last visited Jul. 20, 2017).

⁷ US Renal Data System, USRDS 2016 Annual Data Report: Epidemiology of Kidney Disease in the United States, National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 39 (2016).

⁸ Id.

⁹ Id. at 215.

¹⁰ Id. at 216.

¹¹ Id. at 288.

¹² Id. at 292-294.

DaVita's Kidney Smart program helps to improve intervention and education for pre-ESRD patients. Approximately 69% of CKD Medicare patients have never been evaluated by a nephrologist.¹³ Timely CKD care is imperative for patient morbidity and mortality. Adverse outcomes of CKD can often be prevented or delayed through early detection and treatment. Several studies have shown that early detection, intervention and care of CKD may improve patient outcomes and reduce ESRD:

- (i) Reduced GFR is an independent risk factor for morbidity and mortality. A reduction in the rate of decline in kidney function upon nephrologists' referrals has been associated with prolonged survival of CKD patients,
- (ii) Late referral to a nephrologist has been correlated with lower survival during the first 90 days of dialysis, and
- (iii) Timely referral of CKD patients to a multidisciplinary clinical team may improve outcomes and reduce cost.

A 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. Through the Kidney Smart program, DaVita offers educational services to CKD patients that can help patients reduce, delay, and prevent adverse outcomes of untreated CKD. DaVita's Kidney Smart program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

DaVita's IMPACT program seeks to reduce patient mortality rates during the first 90-days of dialysis through patient intake, education and management, and reporting. Through IMPACT, DaVita's physician partners and clinical team have had proven positive results in addressing the critical issues of the incident dialysis patient. The program has helped improve DaVita's overall gross mortality rate, which has fallen 28% in the last 13 years.

DaVita's CathAway program seeks to reduce the number of patients with central venous catheters ("CVC"). Instead, patients receive arteriovenous fistula ("AV fistula") placement. AV fistulas have superior patency, lower complication rates, improved adequacy, lower cost to the healthcare system, and decreased risk of patient mortality compared to CVCs. In July 2003, the Centers for Medicare and Medicaid Services, the End Stage Renal Disease Networks and key providers jointly recommended adoption of a National Vascular Access Improvement Initiative ("NVAII") to increase the appropriate use of AV fistulas for hemodialysis. The CathAway program is designed to comply with NVAII through patient education outlining the benefits for AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. DaVita has worked with its physician partners and clinical teammates to reduce catheter rates by 46 percent over the last seven years.

In 2013, DaVita was the first large dialysis provider to implement a comprehensive teammate vaccination order, requiring all teammates who work in or whose jobs require frequent visits to dialysis centers to either be vaccinated against influenza or wear surgical masks in patient-care areas. WipeOut, DaVita's infection surveillance, prevention and response program, aims to help patients live longer and avoid infection-related hospitalizations. DaVita led the industry with more than 90 percent of its dialysis patients immunized for influenza in 2016.

DaVita's FluidWise initiative aims to reduce fluid-related hospitalizations and mortality while enhancing the patient experience. Davita develops fluid-related clinical care pathways to identify patients who are most at-risk for fluid-related hospitalizations, building care processes—such as achieving target weight, obtaining accurate vitals, standardizing dialysate sodium, and restricting fluid and sodium intake—to

¹³ Id at 4.

reduce fluid overload. To help ESRD patients prevent avoidable complications from diabetes mellitus, DaVita's StepAhead initiative provides an opt-in diabetes management program that includes an annual eye exam, annual glucometer check and monthly foot exams.

DaVita seeks to improve medication compliance rates, eliminate adverse interactions and reactions, and help keep patients healthy and out of the hospital. Through its MedsMatter initiative, DaVita provides medication management support, including targeted medication reviews and education, through a specialty renal pharmacy. DaVita Rx, the first and largest licensed, full-service U.S. renal pharmacy, focuses on the unique needs of dialysis patients. Since 2005, DaVita Rx has been helping improve outcomes by delivering medications to dialysis centers or to patients' homes, making it easier for patients to keep up with their drug regimens. DaVita Rx patients have medication adherence rates greater than 80%, almost double that of patients who fill their prescriptions elsewhere, and are correlated with 40% fewer hospitalizations.

For more than a decade, DaVita has been investing and growing its integrated kidney care capabilities. Through Patient Pathways, DaVita partners with hospitals to provide faster, more accurate ESRD patient placement to reduce the length of hospital inpatient stays and readmissions. Importantly, Patient Pathways is not an intake program. An unbiased onsite liaison, specializing in ESRD patient care, meets with both newly diagnosed and existing ESRD patients to assess their current ESRD care and provides information about insurance, treatment modalities, outpatient care, financial obligations before discharge, and grants available to ESRD patients. Patients choose a provider/center that best meets their needs for insurance, preferred nephrologists, transportation, modality and treatment schedule.

DaVita currently partners with over 350 hospitals nationwide through Patient Pathways. Patient Pathways has demonstrated benefits to hospitals, patients, physicians and dialysis centers. Since its creation in 2007, Patient Pathways has impacted over 130,000 patients. The Patient Pathways program reduced overall readmission rates by 18 percent, reduced average patient stay by a half-day, and reduced acute dialysis treatments per patient by 11 percent. Moreover, patients are better educated and arrive at the dialysis center more prepared and less stressed. They have a better understanding of their insurance coverage and are more engaged and satisfied with their choice of dialysis facility. As a result, patients have higher attendance rates, are more compliant with their dialysis care, and have fewer avoidable readmissions.

Since 1996, Village Health has innovated to become the country's largest renal National Committee for Quality Assurance accredited disease management program. VillageHealth's Integrated Care Management ("ICM") services partners with patients, providers and care team members to focus on the root causes of unnecessary hospitalizations such as unplanned dialysis starts, infection, fluid overload and medication management.

VillageHealth ICM services for payers and ACOs provide CKD and ESRD population health management delivered by a team of dedicated and highly skilled nurses who support patients both in the field and on the phone. Nurses use VillageHealth's industry-leading renal decision support and risk stratification software to manage a patient's coordinated needs. Improved clinical outcomes and reduced hospital readmission rates have contributed to improved quality of life for patients. As of 2014, VillageHealth ICM has delivered up to a 15 percent reduction in non-dialysis medical costs for ESRD patients, a 15 percent lower year-one mortality rate over a three-year period, and 27 percent fewer hospital readmissions compared to the Medicare benchmark. Applied to DaVita's managed ESRD population, this represents an annual savings of more than \$30 million.

DaVita has long been committed to helping its patients receive a thorough kidney transplant education within 30 days of their first dialysis treatment. Patients are educated about the step-by-step transplant process and requirements, health benefits of a transplant and the transplant center options available to them. The social worker or designee obtains transplant center guidelines and criteria for selection of appropriate candidates and assists transplant candidates with factors that may affect their eligibility, such as severe obesity, adherence to prescribed medicine or therapy, and social/emotional/financial factors related to post-transplant functioning.

In an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. 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 standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients.

Awards

DaVita has been repeatedly recognized for its commitment to its employees (or teammates), particularly its more than 1,700 teammates who are reservists, members of the National Guard, military veterans, and military spouses. Victory Media, publisher of *GI Jobs*® and *Military Spouse* magazine, recently recognized DaVita as the best 2016 Military Friendly Employer in the health care industry and 34th among all industries. Companies competed for the elite Military Friendly® Employer title by completing a data-driven survey. Criteria included a benchmark score across key programs and policies, such as the strength of company military recruiting efforts, percentage of new hires with prior military service, retention programs for veterans, and company policies on National Guard and Reserve service. DaVita was also named as a *Civilianjobs.com* Most Valuable Employer (MVE) for Military winner for five consecutive years. The MVE was open to all U.S.-based companies, and winners were selected based on surveys in which employers outlined their recruiting, training and retention plans that best serve military service members and veterans.

In May 2016, DaVita was certified by WorldBlu as a "Freedom-Centered Workplace." For the ninth consecutive year, DaVita appeared on WorldBlu's list, formerly known as "most democratic" workplaces. WorldBlu surveys organizations' teammates to determine the level of democracy practiced. For the fifth consecutive year, DaVita was recognized as a Top Workplace by *The Denver Post*. DaVita was recognized among *Training* magazine's Top 125 for its whole-person learning approach to training and development programs for the twelfth year in a row. Finally, DaVita has been recognized as one of *Fortune*® magazine's Most Admired Companies in 2016 – for the ninth consecutive year and tenth year overall.

Service to the Community

DaVita is also committed to sustainability and reducing its carbon footprint. In fact, it is the only kidney care company recognized by the Environmental Protection Agency for its sustainability initiatives. In 2010, DaVita opened the first LEED-certified dialysis center in the U.S. *Newsweek* Green Rankings recognized DaVita as a 2016 Top Green Company in the United States, and it has appeared on the list every year since the inception of the program in 2009. Furthermore, DaVita annually saves approximately 8 million pounds of medical waste through dialyzer reuse and it also diverts more than 85 percent of its waste through composting and recycling programs. It has also undertaken a number of similar initiatives at its offices and has achieved LEED Gold certification for its corporate headquarters. In addition, DaVita was also recognized as an "EPA Green Power Partner" by the U.S. Environmental Protection Agency.

DaVita consistently raises awareness of community needs and makes cash contributions to organizations aimed at improving access to kidney care. DaVita provides significant funding to kidney disease awareness organizations such as the Kidney TRUST, the National Kidney Foundation, the American Kidney Fund, and several other organizations. Its own employees (or teammates), make up the "DaVita Village," assisting in these initiatives.

DaVita Way of Giving program donated \$2 million in 2016 to locally based charities across the United States. Since 2011, DaVita teammates have donated \$9.1 million to thousands of organizations through DaVita Way of Giving. Through Village Service Days, groups of three or more teammates can plan and execute a service project with a local nonprofit. DaVita teammates and their families and friends have volunteered more than 140,000 hours through 3,600 Village Service Days projects since 2006.

DaVita does not limit its community engagement to the U.S. alone. Bridge of Life is the primary program of DaVita Village Trust, an independent 501(c)(3) nonprofit organization, which supports approximately 30 international medical missions and over 50 domestic missions and CKD screening events each year. In 2016, more than 300 DaVita volunteers supported these missions, impacting nearly 19,000 men, women and children in 15 countries.

In 2016, DaVita celebrated the 10th anniversary of Tour DaVita, an annual, three-day, 250-mile bicycle ride, to raise awareness about kidney disease. The ride raised \$1.25 million to benefit Bridge of Life. Since 2007, DaVita cyclists and Tour supporters have raised more than \$8.6 million to fight kidney disease. Bridge of Life serves thousands of men, women and children around the world through kidney care, primary care, education and prevention and medically supported camps for kids.

DUPAGE MEDICAL GROUP

Although not an applicant, DuPage Medical Group is a minority owner and the applicants have included an overview of DuPage Medical Group's background in order to convey the importance of the proposed facility for DuPage Medical Group and their patients.

DuPage Medical Group was formed in 1999 when three healthcare groups serving the suburbs of Chicago since the 1960s joined together. The legal entity, DuPage Medical Group, Ltd., was incorporated as a medical corporation in the State of Illinois in July 1968 and is a for-profit, taxable corporation. DuPage Medical Group is now Illinois' leading multi-specialty independent physician group practice, and remains committed to superior care and innovation.

With more than 600 physicians, approximately 800 providers, and 50 specialties in more than 70 locations, DuPage Medical Group handles upwards of 1.1 million patient visits annually, treating about a third of DuPage County's population. Consistent with its physician growth, DuPage Medical Group has grown as an employer in the community. DuPage Medical Group employed 3908 people in 2016, an increase of nearly 30% from the 2996 people employed in 2015.

DuPage Medical Group is focused on providing quality care.

DuPage Medical Group is focused on providing the southwestern suburbs with access to the finest health care available and operating on the principal that physicians make the best decisions for patient care. DMG is led by experienced physicians who continually seek innovations through a model of QEA: Quality, Efficiency and Access.

Managing such a proactive model of medicine allows DMG to provide quality care, construct the most advanced facilities and implement the latest technology. Through secure access of an electronic health record and DMG's patient portal, MyChart, its physicians and patients stay closely connected on the care that forms the bigger picture of each patient's health. DMG promotes strong collaboration among its medical staff and solicits helpful feedback from patients. Strong administrative support creates stability for DMG physicians, empowering them to help drive the group forward.

DMG's commitment to quality and cost efficiency is further demonstrated by numerous value-based care initiatives, including DMG's Accountable Care Organization ("ACO") leadership, operation of the BreakThrough Care Center, and a CMS BPCI initiative.

DMG is a founding member of Illinois Health Partners, the 14th largest accountable care organization in the nation. DMG accounts for nearly 50% of the patients served by Illinois Health Partners, which is comprised of healthcare organizations such as Naperville, Ill.-based Edward Hospital and Arlington Heights, Ill.-based Northwest Community Hospital, along with 22 other organizations. According to 2015 data released by CMS, Illinois Health Partners ("IHP") maintained the lowest cost of care per beneficiary for any ACO in the Chicagoland area at \$8,847. IHP is also in the 76th percentile nationally in overall cost

efficiency and in the 88th percentile nationally in clinical quality. This makes IHP one of 38 of 393 (9%) of ACOs in the top quartile for both quality and cost efficiency

Since 2014, DMG has operated the BreakThrough Care Center, a comprehensive, holistic outpatient clinic serving the most vulnerable Chicagoland seniors struggling with chronic disease. Currently, the BreakThrough Care Center operates and accepts patients throughout DuPage County, with locations in the cities of Lisle, Naperville, and Wheaton. The BreakThrough Care Center is designed to improve medical outcomes while lowering healthcare costs and improving patients' ability to manage their health outcomes.

Improved care quality for BreakThrough Care Center patients is documented by improvements in patients'; biometrics for LDL-C levels, Total Cholesterol, A1C, Blood Pressure, and Body Mass Index. The BreakThrough Care Center optimizes the utilization of healthcare services, with all patients seen within 24 hours of hospital discharge, and patients experiencing lower ER admission rates, lower acute admissions, a 30-day chronic readmission rate of 7.2 percent, and high generic pharmacy utilization of 89 percent. Patients give the BreakThrough Care Center scores of over 91 percent on access to care and coordination of care metrics.

DMG has also demonstrated its commitment to promoting the development of orderly, value driven, healthcare facilities via the CMS Bundled Payments for Care Improvement ("BPCI") initiative. DMG reduced costs by over \$1.1 million under the BPCI program for major joint replacement of the lower extremity in Q3 and Q4 of 2015, lowering the cost of care and improving outcomes. DMG's participation and performance in these value-based care programs and organizations serves a critical role in cost containment and maximizing the quality of care in DuPage County and the surrounding communities served by DMG. DuPage Medical Group continues to expand the services and specialties it offers patients.

In September of 2016, DMG opened a new nephrology division when Kidney & Hypertension Associates joined the practice. DMG has always strived to provide its patients with access to timely, quality, and affordable health care. This mission is supported by the addition of the nephrology practice to DMG's wide array of medical specialties. Patients of DMG physicians with an identified need for nephrology services now have more immediate and reliable access through their existing provider's practice.

With physician scheduling and patient coverage determinations available throughout the DMG practices, DMG is able to eliminate common obstacles to patients obtaining necessary medical care. Managing patient's across specialties drives down costs by coordinating care and increasingly addressing the health of patients on a proactive basis.

In order to increase dialysis access points, DMG is partnering with DaVita in requesting authority to build the proposed facility in Romeoville to serve a growing ESRD population. By collaborating with an experienced dialysis provider, DMG is able to bring its patients excellent care while simultaneously bridging the gap between DMG and existing access points. This growth supports DMG's mission to deliver physician oriented healthcare at the highest level to its patients.

DMG promotes the orderly and economic development of health care facilities in Illinois.

DMG's trend of responsible, positive growth is tied to DMG's commitment to its physician and patient population. This focus is closely aligned with the Board's own mission for serving the patients of Illinois. In keeping with the purpose identified by the State: "The CON program promotes the development of a comprehensive health care delivery system that assures the availability of quality facilities, related services, and equipment to the public, while simultaneously addressing the issues of community need,

accessibility, and financing. In addition, it encourages health care providers to engage in cost containment, better management and improved planning."¹⁴

DMG practices the values and goals expressed by the CON program, and believes in the value of DMG's services and facilities to the Illinois healthcare system. As DMG has grown, quantitatively and qualitatively, it has continued to emphasize quality and accessibility for the community and its patients, tempered by responsible planning and growth. DMG has consistently presented accurate and conservative projections of patient population growth and referral patterns before the Board. *DMG's healthcare facilities operate above established state utilization levels, a clear sign of DMG's commitment to avoiding the development of unnecessary services within the community.*

In 2015, DuPage Medical Group received the Henry C. Childs Economic Development and Community Improvement Award from the Wheaton Chamber of Commerce. The Henry C. Childs Economic Development and Community Improvement Award was named after a local businessman responsible for designing safe community infrastructure, and it recognizes the development or redevelopment of a property that positively impacts economic development in the City of Wheaton.

DMG was recognized for the property redevelopment and construction of its 40,000-square-foot Wheaton Medical Office Building, which houses over 30 DMG physicians in Family Medicine, Internal Medicine, Pediatrics and Obstetrics/Gynecology, as well as the BreakThrough Care Center.

DMG promotes philanthropy and service within the communities it serves.

DuPage Medical Group is actively involved in philanthropy and community service as a way of giving back to the community in which it operates. As part of this effort, DMG established the DuPage Medical Group Charitable Fund in partnership with the DuPage Foundation. Providing a coordinated approach for combining the efforts of its physicians, care providers and staff into a single force.

The DuPage Medical Group Charitable Fund, which operates as a donor-advised fund under the umbrella of the DuPage Foundation's status as a 501(c)(3) public charity, seeks to make a significant impact within the communities DMG serves by combining impactful financial support with hands-on volunteerism.

The Fund seeks out community and health partners that serve those in need. In March, 2016 DMG reached \$1 million in grants to the community.¹⁵ In addition to providing some financial support to area organizations, the Charitable Fund provides in-kind donations, such as food, toys, coats and books. Volunteer service is also a key component of DMG's giving. Its financial contributions are extended by physicians and staff taking a hands-on role in helping these organizations. The Charitable Fund has also focused on magnifying its impact through volunteer service. Earlier this year DMG was honored with the Governor's Volunteer Service Award for Outstanding Business Volunteer Engagement for its work with People's Resource Center and DuPage Habitat for Humanity.¹⁶

Other Section 1110.230(a) Requirements.

Neither the Centers for Medicare and Medicaid Services nor the Illinois Department of Public Health ("IDPH") has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application.

A list of health care facilities owned or operated by the Applicants in Illinois is attached at Attachment – 11A. Dialysis facilities are currently not subject to State Licensure in Illinois.

¹⁴ <https://www.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx>

¹⁵ <http://www.dmgcharitablefund.com/news/story/4651>

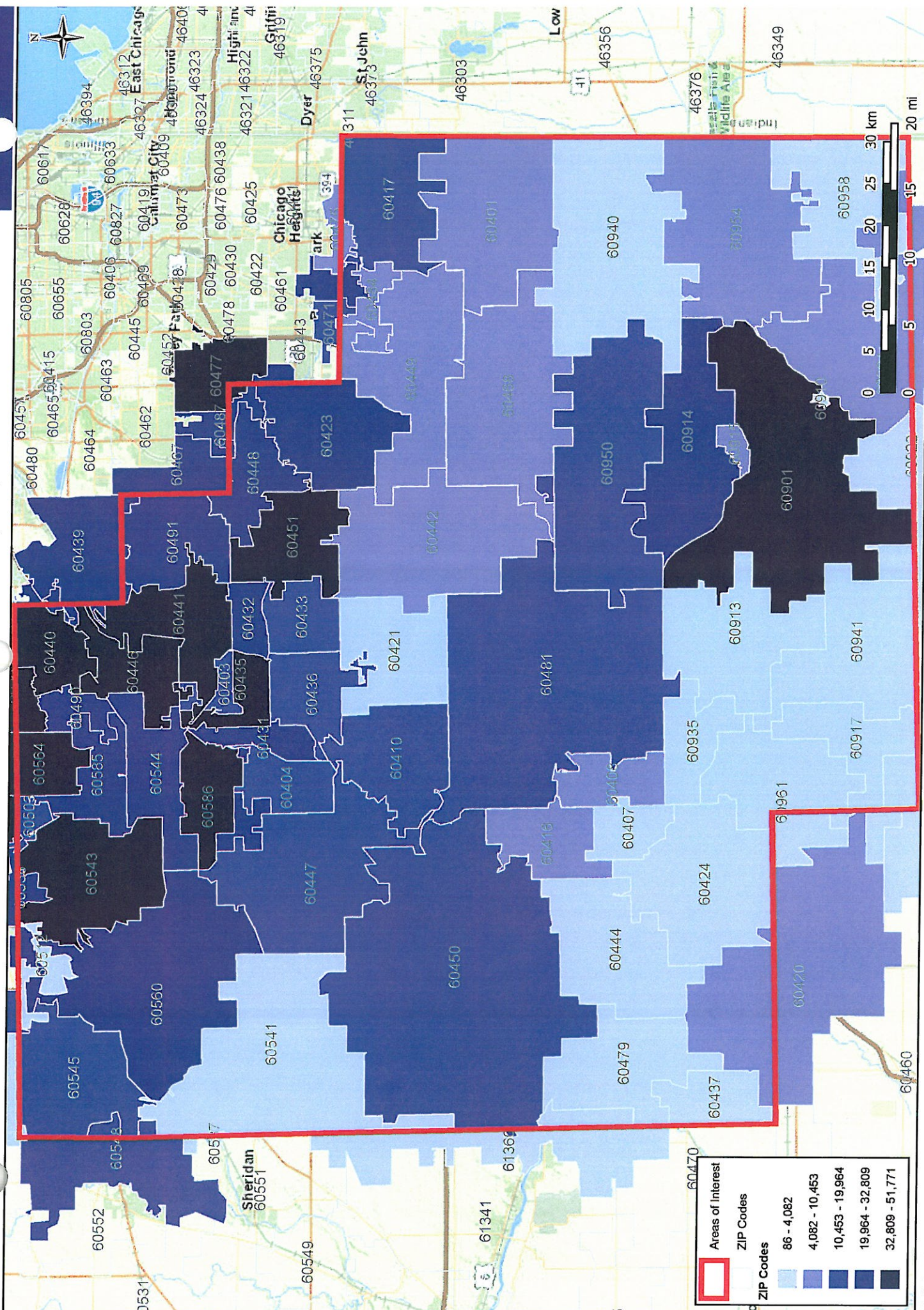
¹⁶ <http://www.dailyherald.com/article/20161125/business/161129874/>

Certification that no adverse action has been taken against either of the Applicants or against any health care facilities owned or operated by the Applicants in Illinois within three years preceding the filing of this application is attached at Attachment – 11B.

An authorization permitting the Illinois Health Facilities and Services Review Board ("State Board") and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11B.

2018 Base: Population

Grundy Kankakee Kendall Will Counties IL (Count)



Areas of Interest

ZIP Codes

- 86 - 4,082
- 4,082 - 10,453
- 10,453 - 19,964
- 19,964 - 32,809
- 32,809 - 51,771