



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

October 9, 2018

Via Federal Express

Courtney Avery
Administrator
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RECEIVED

OCT 10 2018

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

**Re: Opposition to Fresenius Kidney Care "FKC" Madison County (Proj.
No. 18-006)**

Dear Ms. Avery:

Polsinelli PC represents DaVita Inc. ("DaVita") and, on behalf of DaVita, writes this letter to document DaVita's strong objection to the above referenced FKC Madison County proposal.

- There is no need for a third dialysis facility in Granite City. There is an excess of 39 stations in the relevant planning area, HSA 11 (the second highest excess in the State).¹
- Despite the excess of stations and stabilization of the end stage renal disease ("ESRD") patient population in Granite City, FKC claims high growth justifies the proposed FKC Madison County facility. FKC relies on erroneous utilization data for the newly operational Foxpoint Dialysis as well as outdated historical data to demonstrate ESRD patient growth in HSA 11.
- Approval of FKC Madison County will exacerbate the maldistribution of ESRD stations in Granite City and adversely affect existing facilities in the area.

¹ IL. Health Facilities & Servs. Review Bd., Update to Inventory of Other Health Services (incl. ASTC, ESRD, Alternative Models) (Sep. 14, 2018) *available at* <https://www2.illinois.gov/sites/hfsrb/InventoriesData/MonthlyHCFInventory/Documents/OTHER%20SERVICES%20INVENTORY%20UPDATE%20September%2014%202018.pdf>.



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- By raising an issue about the necessity for this facility based on the Centers for Medicare and Medicaid Services (“CMS”) Care Initiative - ESRD Seamless Care Organization (“ESCO”), FKC is creating a misleading distraction from the fact that another dialysis facility in the small City of Granite City is not necessary. ESCOs do not hold a monopoly on high quality patient care. DaVita is a national clinical leader in the CMS 5-Star program and has a proven track record of high quality ESRD patient care.

The FKC Madison County will not provide new or innovative care to the area and will adversely affect existing clinics in the area. For these reasons, DaVita opposes FKC Madison County.

1. Lack of Growth of ESRD in HSA 11

There is no need for a third clinic in Granite City. The second facility in Granite City, Foxpoint Dialysis, was Medicare certified in April 2018 and so far has underperformed in its first six months of operation. Further, growth of ESRD patients in HSA 11 has significantly slowed since 2016 and does not support approval of additional stations. Finally, access to ESRD care in Granite City is nearly three times better than in the State of Illinois as a whole. Approval of the FKC Madison County clinic will only exacerbate the maldistribution of stations as indicated in the last Board Staff report for this project.

a. Slow Ramp Up of Foxpoint Dialysis Utilization

In its August 22, 2018 supplemental submission, FKC overstates the June 30, 2018 utilization of Foxpoint Dialysis noting, “as of June 30, 2018 [DaVita Foxpoint] was already at 28%.” While FKC states the data came from the 2nd Quarter Board clinic census data, the utilization cited is incorrect and, in fact, contrary to what DaVita reported to the Board and to what the Board published as Foxpoint’s June 30, 2018 utilization. In fact, Foxpoint Dialysis’ utilization as of June 30, 2018 was a mere 7% based on a census of 5. There is only need for two clinics in Granite City. Approval of FKC Madison County will detrimentally affect the existing clinics in Granite City and would surely result in the closure of either Granite City Dialysis or Foxpoint Dialysis.

b. Low HSA 11 Growth Rate

In falsely asserting the need for a third clinic in Granite City, FKC relies on the Board’s 6% compound annual growth rate (“CAGR”) calculation for 2012 to 2016. But much has

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changed since 2016. ESRD patient growth in the planning area has dramatically decreased in recent months. From December 2016 to June 2018, total patient census only increased by 31 patients (or 4% total growth during the past 18 months). Further, the four year CAGR for the period ending June 30, 2018 is 3.16%, nearly half the 2012 to 2016 CAGR computed by the Board. Assuming a 3.16% annual growth rate, utilization within HSA 11 is only projected to reach 62% by 2022 (the second year after FKC Madison County becomes operational), which is significantly below the Board's target utilization of 80%. See Attachment – 1.

Even within the smaller geographic service area of FKC Madison County, the CAGR does not support the need for additional stations. From June 2014 to June 2018, the clinics within the FKC Madison County geographic service area experienced a 10.6% growth in census (or 75 new patients). The related CAGR is only 2.6%, less than the HSA 11 CAGR. Applying the 2.6% CAGR to the current patient census, the clinics within the FKC Madison County geographic service area are projected to achieve 64% utilization by 2022, which is significantly below the Board's target utilization. See Attachment – 2.

c. A Third Clinic in Granite City is Unnecessary

Granite City is a community of approximately 30,000 residents.² According to the June 30, 2018 data from The Renal Network, 89 Granite City residents suffer from ESRD.³ Between Granite City Dialysis and Foxpoint Dialysis, there are 32 stations, which is more than sufficient to serve the needs of the Granite City ESRD population. Further, as shown in the table below, a maldistribution of stations currently exists in Granite City. Access to dialysis services in Granite City is nearly 3 times better than in the State of Illinois as a whole. The approval of the FKC Madison County facility would further exacerbate this maldistribution.

Ratio of Stations to Population			
	Population	Dialysis Stations	Stations to Population
Granite City	28,746	32	1:898
Illinois	12,802,023	4,850	1:2,640

² U.S. Census Bureau, American Fact Finder, Annual Estimates of Resident Population: April 2010 to July 1, 2017 available at <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF> (last visited Oct. 2, 2018).

³ The Renal Network: ESRD Network 10, 2018 Q2 Zip Code/County Report available at <http://therenalnetwork.org/download/2018-q2-zip-code-county-report/> (last visited Oct. 2, 2018).



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Note the first Granite City facility was Medicare certified 30 years ago on April 1, 1988.⁴ It took thirty years for utilization to reach a level where a second dialysis facility was necessary to accommodate dialysis patients in Granite City. Given the time taken for Granite City Dialysis to achieve target utilization as well as growth trends in the FKC Madison County geographic service area and Granite City facilities, it is inconceivable that additional stations would be required within 2 years of a second Granite City facility becoming operational.

2. Lack of Relevance of ESRD Seamless Care Organization

Using a misleading tactic to attempt to conflate the relevant issues with other matters, FKC notes that its participation in the CMS ESCO merits approval of its Madison County facility. Note that the ESCO is a limited duration demonstration program that ends in 2020. As a demonstration program, the intent is that whatever valuable tools are gleaned from the demonstration will be operationalized on a national basis. DaVita also participates in the demonstration and separately has implemented numerous initiatives across its system aimed at improving outcomes and providing high-quality protocolized care. DaVita's quality programs are second to none. 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. In the 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% for the rest of the industry.

In sum, based on the foregoing DaVita opposes FKC's proposed project to establish a 9 station dialysis facility in Granite City, Illinois which is not needed and if approved would cause DaVita to close one of its facilities already established in Granite City. Growth both within HSA 11 and the more immediate FKC Madison County geographic service area do not merit additional stations. Further, FKC ESCO will not provide new or innovative care to the area.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anne Cooper'.

Anne Cooper

Attachments

⁴ Medicare.gov, Dialysis Facility Compare available at <https://www.medicare.gov/dialysisfacilitycompare/#profile&pid=142537&pdist=2.5&loc=GRANITE%20CITY%2C%20IL&lat=38.7014389&lng=90.1487199&sort=12%7CASC&dist=0&previouspage=results> (last visited Oct. 2, 2018).

HSA 11 In-Center Hemodialysis Utilization
December 2011 - June 2018

Facility	Ownership	Address	Number of Stations 4/18/2018	Number of Patients 6/30/2014	Utilization Percentage 6/30/2014	Number of Patients 12/31/2016	Utilization % 12/31/2016	Number of Patients 6/30/18	Utilization % 6/30/18
Alton Dialysis	Davita	3511 College Avenue	16	68	70.83%	66	68.75%	60	62.50%
DaVita Collinsville Dialysis	Davita	101 Lanter Court	8		0.00%	0	0.00%	14	29.17%
DaVita Fox Point Dialysis	Davita	1300 Schaefer Rd	12		0.00%	0	0.00%	5	6.94%
DaVita Edgemont	Davita	8 Vieux Carre Drive	12		0.00%			-	0.00%
DaVita Northgrove Dialysis	Davita	2491 Industrial Drive	12		0.00%			-	0.00%
Edwardsville Dialysis	Davita	235 S. Buchanan	8	32	66.67%	33	68.75%	31	64.58%
Fresenius Medical Care Belleville	Fresenius	6525 West Main Street	12		0.00%	0	0.00%	20	27.78%
Fresenius Medical Care Breese	Fresenius	160 N. Main Street	8	18	37.50%	20	41.67%	30	62.50%
Fresenius Medical Care Regency Park	Fresenius	124 Regency Park Drive	20	110	91.67%	107	89.17%	87	72.50%
Fresenius Medical Care Southwestern Illinois	Fresenius	7 Professional Drive	19	62	54.39%	84	73.68%	77	67.54%
Fresenius Medical Care Waterloo	Fresenius	515 Hamacher Street	6		0.00%	11	30.56%	9	25.00%
Granite City Dialysis	Davita	9 American Village	20	78	65.00%	97	80.83%	91	75.83%
Maryville Dialysis- Renal Treatment Ctrs	Davita	2130 Vadalaberne Drive	14	64	76.19%	70	83.33%	53	63.10%
O'Fallon Dialysis	Davita	1941 Frank Scott Parkway	12		0.00%	0	0.00%	33	45.83%
Renal Care Of Illinois	Davita	5105 West Main Street	36	177	81.94%	159	73.61%	170	78.70%
Sauget Dialysis	Davita	2300 Goose Lake Road	24	85	59.03%	77	53.47%	74	51.39%
Shiloh Dialysis	Davita	1095 North Green Mount Road	12	30	41.67%	65	90.28%	66	91.67%
Total HSA 11			251	724	48.07%	789	52.39%	820	54.45%

Total Growth June 2014 to June 2018 13.26%

CAGR June 2014 to June 2018 3.16%

	Patients	Utilization
6/30/2019	846	56%
6/30/2020	873	58%
6/30/2021	900	60%
6/30/2022	929	62%

**FKC Madison County GSA In-Center Hemodialysis Utilization
December 2011 - March 2018**

Facility	Address	Number of Stations 3/31/2018	Number of Patients 6/30/2014	Utilization Percentage 6/30/2014	Number of Patients 12/31/2016	Utilization % 12/31/2016	Number of Patients 6/30/18	Utilization % 6/30/18
Granite City Dialysis	9 American Village	20	78	65.00%	97	80.83%	91	75.83%
DaVita Foxpoint Dialysis ¹	1300 Schaefer Rd	12		0.00%	0	0.00%	5	6.94%
DaVita Collinsville Dialysis ²	101 Lanter Court	8		0.00%	0	0.00%	14	29.17%
DaVita Edgemont ³	8 Vieux Carre Drive	12		0.00%		0.00%	0	0.00%
Maryville Dialysis- Renal Treatment Ctrs	2130 Vadalaberne Drive	14	64	76.19%	70	83.33%	53	63.10%
Sauget Dialysis	2300 Goose Lake Road	24	85	59.03%	77	53.47%	74	51.39%
Fresenius Medical Care Regency Park	124 Regency Park Drive	20	110	91.67%	107	89.17%	87	72.50%
Fresenius Medical Care Belleville ⁴	6525 West Main Street	12		0.00%	0	0.00%	20	27.78%
DaVita Metro East	5105 West Main Street	36	177	81.94%	159	73.61%	170	78.70%
Fresenius Medical Care Southwestern Illinois	7 Professional Drive	19	62	54.39%	84	73.68%	77	67.54%
O'Fallon Dialysis ⁵	1941 Frank Scott Parkway	12		0.00%	0	0.00%	33	45.83%
Shiloh Dialysis	1095 North Green Mount Road	12	30	41.67%	65	90.28%	66	91.67%
Edwardsville Dialysis	235 S. Buchanan	8	32	66.67%	33	68.75%	31	64.58%
Alton Dialysis	3511 College Avenue	16	68	70.83%	66	68.75%	60	62.50%
Total		225	706	52.30%	758	56.15%	781	57.85%
Total less Clinics Operational < 2 Years		169	706	69.63%	758	74.75%	709	69.92%

¹Approved March 14, 2017

²Medicare certified September 11, 2017

³Approved January 9, 2018

⁴Medicare certified April 11, 2018

⁵Medicare certified August 16, 2017

Total Growth June 2014 to June 2018 10.62%

CAGR June 2014 to June 2018 2.56%

Projected Patients

6/30/2019	801
6/30/2020	821
6/30/2021	842
6/30/2022	864