



**FRESENIUS
KIDNEY CARE**

Fresenius Kidney Care

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February 13, 2019

RECEIVED

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**HEALTH, FACILITIES &
SERVICES REVIEW BOARD**

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Re: Project #18-039, Fresenius Kidney Care Grayslake

Dear Ms. Avery,

Enclosed please find additional information in support of the approval of the above-mentioned project for a 10-station ESRD facility in Grayslake in Lake County. This project was given an intent-to-deny at the January 15, 2019 Board meeting. Though the project was not approved, we are encouraged by the Board's four votes in the affirmative. One more vote would have won its approval.

Given the higher than average growth of ESRD in Lake County, high average utilization of clinics in operation within 10 miles, disparate county configuration in HSA 8 and a ratio of stations to population demonstrating a station need, we ask Board members to see the need for additional access in Grayslake.

Sincerely,

Lori Wright
Senior CON Specialist

#18-039, Fresenius Kidney Care Grayslake - Supplemental Information

Fresenius Medical Care came before this Board in 2014 with project #14-029 for a 12-station facility in Grayslake. At that time, two of Fresenius' closest clinics, Gurnee and Round Lake were full. That project was denied by just one vote. Since then we have been diligent in using existing space to address area access issues.

- 8 stations were added to FKC Gurnee, which quickly rose back above 80%.
- FKC Round Lake remains above 80% with no room for expansion.
- What is different this time is that the 3rd closest Fresenius facility, Mundelein which opened in 2012, is now also above 80% despite an addition of two stations.

We waited and acted upon cost effective strategies to provide access and now five years later we are still in the same predicament. Additional access is needed in Grayslake to alleviate 3 highly utilized Fresenius facilities versus just two when we proposed this project last. We cannot wait another five years with expansion options diminished. The high number of positive votes both in 2014 and at the January 2019 Board meeting support the evident need for access in Grayslake.

Basis for Project Approval

• **ESRD, Elderly & Population Growth in Lake County**

As Stated in the application for this project, between 2000 and 2010 the Lake County population grew at 9% and projections to 2020 are remaining at 9%. The elderly population more than doubled. This population are more likely to require dialysis services as incidence of diabetes and hypertension increase with age. There were significant increases in minority populations, who are also at a greater risk of kidney failure than the general population. As a result, there was an average 7% yearly growth of ESRD in Lake County from 2013 – 2017 versus the Illinois ESRD Growth rate at just 3%.

Population Growth¹

	US Census		Projection
	2000	2010	2020
Lake County Population	644,356	703,462	764,397
Growth Rate	9%		9%
		Actual	Projected

	US Census		Projection
	2000	2010	2020
Illinois Population	12,419,293	12,830,632	13,129,233
Growth Rate	3%		2%
		Actual	Projected

Minority/Elderly Growth¹

Lake County That Is:	US Census Bureau		USCB American
	2000	2010	2016
African American	7%	7%	7%
Hispanic	14%	20%	21%
> 65	9%	10%	12%

Grayslake Population That is:	US Census Bureau		USCB American
	2000	2010	2016
African American	1%	3%	3%
Hispanic	5%	9%	11%
>65	8%	14%	14%

ESRD Growth²

County	Renal Network ESRD				
	2013	2014	2015	2016	2017
Lake	796	848	961	952	991

ESRD Growth			
13 vs 14	14 vs 15	15 vs 16	16 vs 17
7%	13%	-1%	4%

Average Growth
7%

Coinciding with Lake County ESRD growth, Fresenius Kidney Care clinics in the Grayslake market saw a 7% increase in treatments provided in 2018 over 2017.

¹ Source: U.S. Census Bureau, American Factfinder, <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

² Source: Renal Network 10

Historic High Utilization of Area Clinics

Over the past five years patient census numbers and utilizations have continued to increase despite station additions. The opening in 2018 of Fresenius Kidney Care Zion, located in an underserved area outside of the 10-mile radius, has merely put a dent into high clinic utilization in the Grayslake area. Station additions and clinic establishment outside of the market, while much needed, have not been the answer to create access for Grayslake patients. The Grayslake facility was needed in 2014 and it remains needed today.

5-year Grayslake Area Clinic Utilization

Facility	Location	Distance	Dec-14		Dec-15		Dec-16		Dec-17		Dec-18	
			Stations	Util	Stations	Util	Stations	Util	Stations	Util	Stations	Util
FKC Round Lake	Round Lake	4.65 mi	16	77%	16	83%	16	77%	16	82%	16	82%
FKC Gurnee	Gurnee	5.6 mi	16	82%	16	82%	16	96%	24	67%	24	77%
DaVita Waukegan	Waukegan	6.4 mi	22	89%	22	97%	22	108%	24	169%	24	92%
FKC Mundelein	Mundelein	6.84 mi	12	74%	12	81%	14	67%	14	74%	14	81%
DaVita Lake County	Vernon Hills	7.73 mi	16	67%	16	75%	16	77%	16	77%	16	59%
DaVita Lake Villa	Lake Villa	8 mi	12	51%	12	63%	12	71%	12	76%	12	81%
FKC Lake Bluff	Lake Bluff	8 mi	12	75%	16	70%	16	70%	16	78%	16	72%
FKC Waukegan Harbor	Waukegan	8.79 mi	21	75%	21	90%	21	90%	21	91%	21	87%
Station Totals and Average Utilization			127	74%	131	80%	133	82%	143	89%	143	79%*

Bolded cells show utilization after station addition.

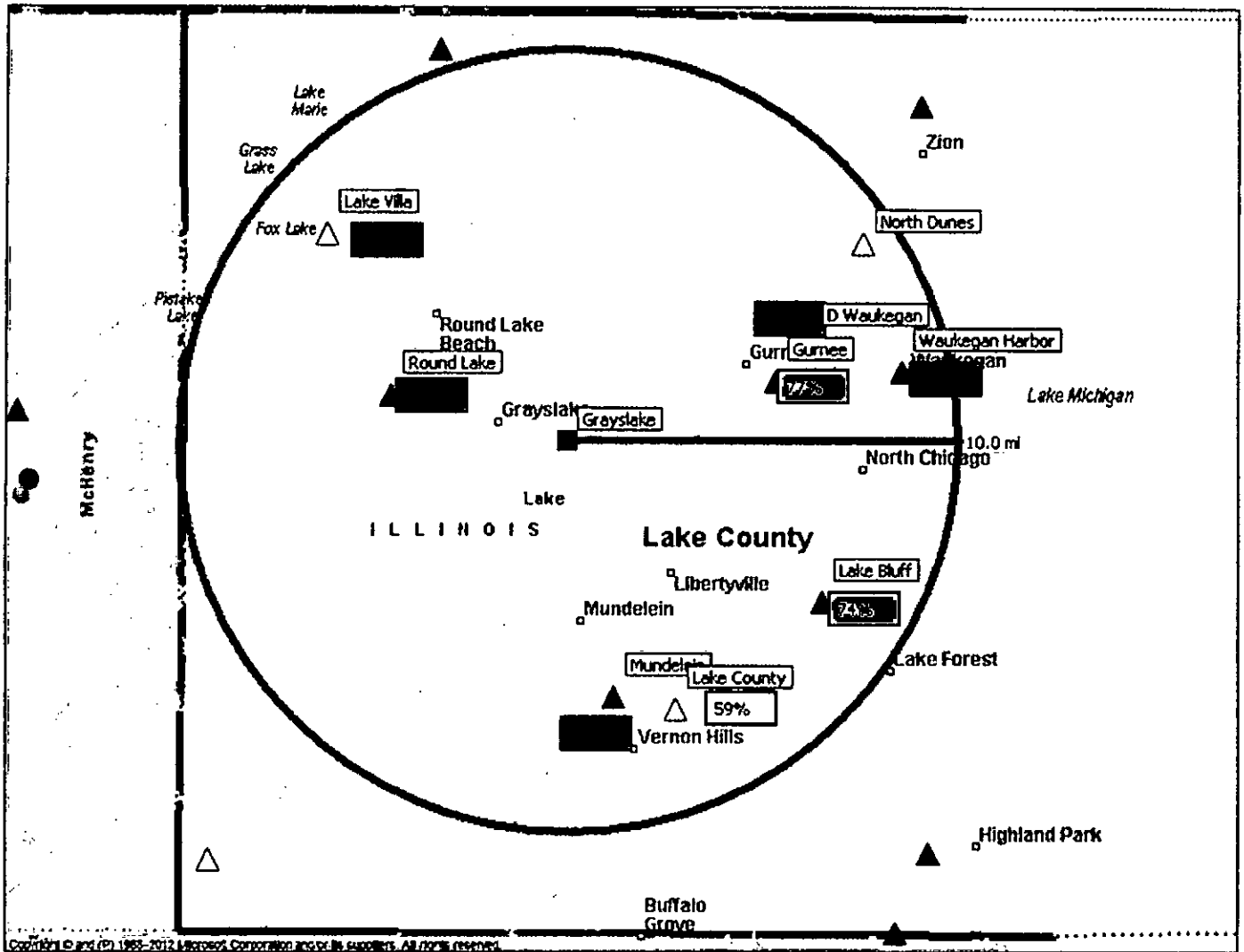
**12/2018 Overall utilization decreased due to the opening of Fresenius Kidney Care Zion in 2018 (outside of the 10-mile radius) and transfer of patients from FKC Gurnee and Waukegan Harbor. All patients desiring to transfer have now done so and the Zion facility is now at 28% utilization. There are also 7 snowbirds (patients who reside in Florida for a few months in the winter and then return) who were temporarily away from their home FKC facility at the time the census was taken. If those 7 returning patients are added back in the overall area utilization is 80%.*

Facility	Location	Distance	Stations
DaVita North Dunes	Waukegan	9 mi	12

Approved October 30, 2018 and will not be in operation for 2 years. This project was designed to serve the Medically Underserved Area of Waukegan. There were no patients from Grayslake identified for the North Dunes project and DaVita stated at the January 15th Board meeting that they do not oppose this project. There were also no patients from Waukegan identified to be referred to FKC Grayslake. These are two separate health care markets:

The recently approved DaVita North Dunes facility was also a much-needed project for the highly utilized and Medically Underserved town of Waukegan. Like FKC Zion, it will provide relief in that market, but will not affect the high utilization in the Grayslake area. DaVita is not opposing this project as it will have no impact on North Dunes.

Grayslake area Clinic Utilization December 31, 2018

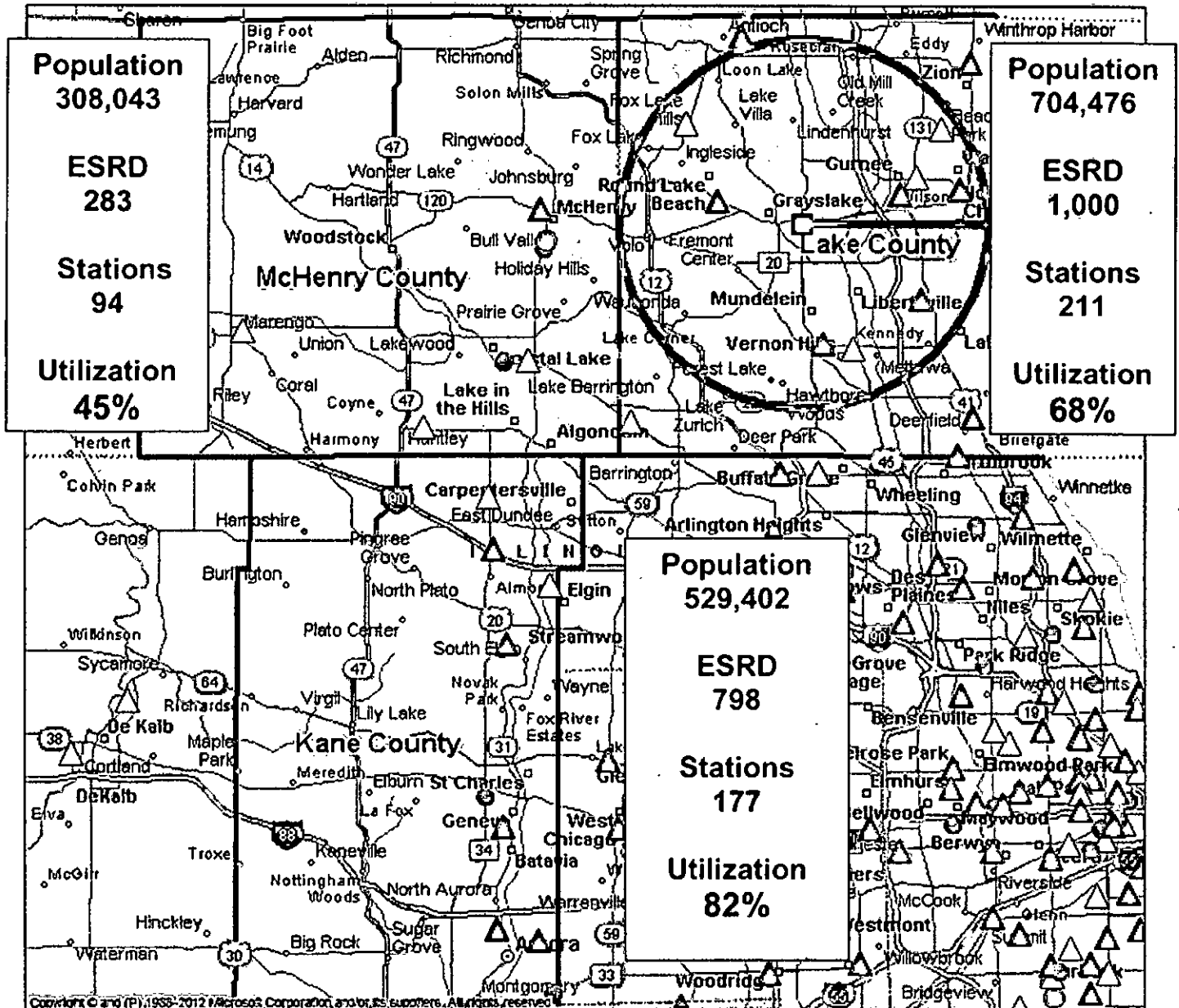


The above map provides a visual representation of the December utilization referenced on the previous page as well as in the table in the Board Staff Report for this project. There are five facilities over the 80% threshold. Two facilities, FKC Gurnee and Lake Bluff, that have temporarily dropped just below, and DaVita Lake County at 59% utilization. The Lake County facility cannot accommodate all of Dr. Munir's 54 pre-ESRD patients who live in the Grayslake area and historic data has shown this clinic is not the answer for overutilization as seen in the past five years. Dr. Munir already refers patients to this facility and he should not have to encourage his patients to travel further than they must in order to seek treatment. Filling up this facility will also not change the ratio of stations to population that demonstrates a need for access in Grayslake.

At the end of the year some of the clinics in the area have seen a normal dip in utilization. During the winter months there tends to be more patient deaths as they deal with co-morbid conditions affected by the cold weather, flu and virus.³ Also, during the winter months many patients seek a warmer climate and will spend the winter in Florida. These patients are called snowbirds. There are seven patients from FKC Gurnee, Lake Bluff, Mundelein and Round Lake who were away in Florida on December 31st but will be returning in the spring. There were likely some at the other providers too. These "dips" in census are cyclical during the year and will cycle back up. Even so, high utilization has remained a constant in the Grayslake area for many years.

³ <https://www.renalandurologynews.com/dialysis-patients-more-likely-to-die-in-winter/printarticle/417343/>

Obsolete Grouping of Counties in HSA 8



Source: U.S. Census Bureau, American Factfinder, <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Over the years the counties that make up HSA 8 have become disproportionate in population, urban vs. rural areas and number of ESRD patients since their inception over 25 years ago.

- Lake County, which is where Grayslake is located, has the highest population with 703,462 residents, however it is the smallest in area making it the most densely populated. There are 1,000 ESRD patients residing in Lake County as of December 31, 2018 and average utilization of clinics, operating less than 2 years, is 68%. However, given Lake County's 7% growth of ESRD, in 2 years (an additional 70 ESRD per year) HSA utilization will rise to approximately 90% without additional access established. Also, as stated further in this document clinic utilization tends to dip in the winter due to increased patient deaths and "snowbird" activity and is a temporary decline. Although the County's overall utilization is at 68%, the utilization of clinics operating over two years within 10 miles of Grayslake is 80% including the snowbirds.

- McHenry County has less than half the population of Lake County with 308,043 residents, yet it is the largest in area. It is mostly rural in nature with no large urban areas. There are only 283 ESRD patients living here. The average utilization of all clinics, operating less than 2 years, in McHenry County is only 45% and there are two additional clinics either recently approved or recently opened, that if included, would decrease the utilization further to a mere 38%.
- Kane County's population is 529,402 and has land area size that is midway between Kane and Lake County. There are 798 ESRD patients living in Kane County and the average utilization of all clinics, operating less than 2 years, is 82%. While there seems to be a need for access in Kane County, there are three newly approved or recently opened clinics that will address this need.

The "excess of 55 stations" for HSA 8 is primarily due to McHenry County with its sparse population, low ESRD population and extremely low overall clinic utilization of only 45%. However, even though this impacts overall HSA need, there is not an excess of stations in McHenry County if calculations were based on how most clinics operate. Rural clinics rarely operate all 6 treatment shifts. Instead, they tend to operate four shifts, or two each day, in order to keep patients dialyzing on the daytime shifts so that they do not have to travel desolate two-lane county roads at night. This skews the calculation of the entire HSA when compared to more densely populated areas where clinics operate all 6 shifts.

Ratio of Stations to Population Demonstrates Need for Stations

- The ratio of stations to population calculation allows for the identification of either areas of maldistribution or of need within the HSA and within the 10-mile radius of the proposed clinic. The ratio of stations to population in the 10-mile radius of Grayslake shows that there are two times less available stations to each area resident than in the State. (In Grayslake there is 1 station/4,254 residents and in the State 1 station/2,367 residents).

Excerpt from January 15th Board Staff Report

1. There are 608,277 individuals that reside in the 10-mile radius of the proposed facility. There are 143 stations within this 10-mile radius. The ratio in this 10-mile radius is 1 station per 4,254 residents. The estimated population in the State of Illinois is 12,978,800 (2015 estimated) and the number of ESRD stations is 4,923. The ratio is 1 station per 2,637 residents in the State of Illinois. There is no surplus of stations in this 10-mile radius.

There is no surplus of stations in Grayslake. Residents here are at a clear disadvantage when it comes to dialysis access as compared to the State of Illinois. This disparity needs to be remedied.

CMS End Stage Renal Disease Seamless Care Organization (ESCO)

As an additional benefit the patients will have access to participation in the CMS ESCO as they are at the other FKC facilities in the area. The ESCO is a Medicare program designed to increase quality and lower costs for dialysis patients. Fresenius is the only provider in Illinois who has contracted with CMS (Medicare), to provide this service.

Fresenius Kidney Care partners with our supporting physicians to maximize the benefits of coordinated care, higher quality outcomes, and reduced health care costs that are attributed to the ESCO. While involved in the ESCO these physicians take on the downside of financial risk of any poor outcomes of their patients.



Jody A. Charnow, Editor

May 29, 2015

General News

Dialysis Patients More Likely to Die in Winter

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Mortality among dialysis patients follows a seasonal pattern, with higher death rates during winter months, according to a new Austrian study presented at the European Renal Association-European Dialysis and Transplant Association 52nd congress in London.

The retrospective cohort study, by Claudia Friedl, MD, of the Medical University of Graz, Austria, and colleagues, included 2,438 dialysis patients: 902 women and 1,536 men. Patients had a mean age of 63.9 years. During the study, 1,836 patients died. The researchers reported that all-cause mortality was highest in winter (1.60 deaths per 100 patient-months) and lowest in summer (1.06 deaths per 100 patient-months).

The investigators concluded that physicians should possibly pay more attention to preventive measures like seasons vaccination or intensive control of cardiovascular risk factors, such as high blood pressure), especially in winter.

Friedl's team noted that their study findings are similar to those of a U.S. study. That study, by Len A. Usvyat, PhD, of the Renal Research Institute in New York, and colleagues, included 15,056 dialysis patients from 6 states of varying climates. All-cause mortality was significantly higher in winter compared with other seasons: 14.2 deaths per 100 patient-years in winter compared with 13.1 in spring, 12.3 in autumn, and 11.9 in summer, the authors reported in the *Clinical Journal of the American Society of Nephrology* (2012;7:108-115).

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Austrian study finds a death rate in winter of 1.60 deaths per 100 patient-months compared with 1.06 deaths per 100 patient-months in summer.