STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
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DOCKET NO: I-01	BOARD MEETING: February 25, 2020	PROJECT NO: 19-027	PROJECT COST: Original: $5,175,938
FACILITY NAME: DaVita Midway Dialysis		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The Applicants (DaVita Inc. and Total Renal Care, Inc.) propose a 12-station ESRD facility in approximately 7,100 gross square feet of leased space at a cost of $5,175,938. The expected completion date is December 31, 2021.

SUPPLEMENTAL
EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (DaVita Inc. and Total Renal Care, Inc.) propose a 12-station ESRD facility in approximately 7,100 gross square feet of leased space at a cost of $5,175,938. The expected completion date is December 31, 2021.
- This project received an Intent to Deny at the October 22, 2019 State Board Meeting. Additional Information to address the Intent to Deny was received by the State Board on December 20, 2019.
- The Original State Board Staff Report noted the Applicants had successfully addressed 21 of the 22 criteria required by the State Board. That has not changed with the additional information submitted by the Applicants.
- This Supplemental Report discusses the Purpose of the Project, Alternatives to the Proposed Project, Projected Utilization, Planning Area Need, and Unnecessary Duplication/Maldistribution of Service. The remaining criteria were all positive in the Original State Board Staff Report. The Original State Board Staff Report is included in your packet of material.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants propose to establish a health care facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3).
- One of the objectives of the Health Facilities Planning Act is *"to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding* ***capacity, quality, value and equity*** *in the delivery of health care services in Illinois. Cost containment and support for safety Net services must continue to be central tenets of the Certificate of Need process."* [20 ILCS 3960/2]

PUBLIC HEARING/COMMENT:

- A public hearing was offered on this project; however, no hearing was requested. No letters of support or opposition were received by the State Board.

SUMMARY:

- There is a calculated need for 70-ESRD stations in the City of Chicago (HSA VI ESRD Planning Area) as of January 2020. The geographical service area ("GSA") for the proposed facility is a 5-mile radius with a population estimate of 578,973 residents (2017 est.). The Applicants have identified 140 pre-ESRD patients within this 5-mile GSA and are estimating 68 patients will require dialysis within 24 months after opening of the proposed facility.
- While there is a calculated need in the HSA VI ESRD planning area of 70 stations within the 5-mile GSA there is no need for additional stations currently. It appears that the 68 patients identified by the Applicants as needing dialysis within 12-24 months after April 2021 could utilize the existing facilities in the 5-mile GSA.
- There are 23 existing and approved ESRD facilities with 413 stations within this 5-mile GSA. Sixteen of these facilities have been in operation for two or more years and as of January 2020 are averaging approximately 67% utilization. There is currently a surplus of stations in this 5-mile GSA and based upon historical growth in the number of dialysis patients in the HSA VI planning area no new stations would be needed for several years at the 80% target occupancy.
- The Applicants' additional information emphasized that the proposed facility will address:
    - the need for 70-stations in the City of Chicago;
    - provide dialysis to a medically underserved population;

- the growth of ESRD patients within the 5-mile GSA is greater than the growth of ESRD patients within the State of Illinois.

- At the conclusion of this report is the additional information that addresses the Intent to Deny as well as the transcript from the October 22, 2019 State Board Meeting.
- The Applicants addressed a total of 22 criteria and have failed to meet the following:

State Board Standards Not Met	
Criteria	**Reasons for Non-Compliance**
77 ILAC 1110.230 (c) (A) (B) (C) - Unnecessary Duplication /Maldistribution of Service	There is a surplus of stations in the 5-mile GSA and 10 of the 16 operating ESRD facilities are not at the 80% target utilization.[See pages 13-15 of this report]

STATE BOARD STAFF REPORT
Project 19-027
Midway Dialysis

APPLICATION/CHRONOLOGY/SUMMARY

Applicants	DaVita Inc. and Total Renal Care, Inc.
Facility Name	Midway Dialysis
Location	3700 W. 63rd Street, Chicago Illinois
Permit Holder	DaVita Inc. and Total Renal Care, Inc.
Operating Entity	Total Renal Care, Inc.
Owner of Site	Genesis KC Development, LLC
Total GSF	7,100 GSF
Application Received	June 11, 2019
Application Deemed Complete	June 11, 2019
Review Period Ends	10/10/2019
Financial Commitment Date	December 31, 2021
Project Completion Date	December 31, 2021
Intent to Deny	October
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

I. Project Description

The Applicants (DaVita Inc. and Total Renal Care, Inc.) propose a 12-station ESRD [1]facility in approximately 7,100 gross square feet or leased space at a cost of $5,175,938.

II. Summary of Findings

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

B. State Board Staff finds the proposed project appears to be in conformance with the provisions of 77 ILAC 1120 (Part 1120).

III. General Information

The Applicants are DaVita Inc. and Total Renal Care, Inc. DaVita Inc., a Fortune 500 company, is the parent company of Total Renal Care, Inc. DaVita Inc. is a leading provider of kidney care in the United States, delivering dialysis services to patients with chronic kidney failure and end stage renal disease. DaVita operates in 45 states and the District of Columbia. The five states where DaVita is not located are: Alaska, Delaware, Mississippi, Vermont, and Wyoming. DaVita serves patients with low incomes, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons in its facilities in the State of Illinois. The operating entity will be Total Renal Care, Inc. and the owner of the site is Genesis KC Development, LLC a wholly owned entity of Total Renal

Care, Inc. This project is subject to a Part 1110 and Part 1120 review. Financial commitment will occur within 24-months after permit approval.

IV. Health Planning Area

The proposed facility will be in the HSA VI Health Service Area. This planning area includes the City of Chicago. As of January 2020, the State Board is estimating a need for 70 ESRD stations. Since 2008 the number of ESRD patients in this planning area has increased on average of 3.10% per year.

Average Growth
HSA VI

Number of Patients 2017	5,149
Number of Patients 2008	4,127
Difference	1,022
Annual Growth	3.10%

The table below documents the stations needed in the HSA VI Planning Area.

TABLE ONE	
Need Methodology HSA VI ESRD Planning Area	
Planning Area Population – 2017	2,716,500
In Station ESRD patients -2017	5,149
Area Use Rate 2017[(1)]	1895.454
Planning Area Population – 2022 (Est.)	2,721,500
Projected Patients – 2022 (2)	5,185.5
Adjustment	1.33
Patients Adjusted	6,891
Projected Treatments – 2022 (3)	1,070,281
Calculated Station Needed (4)	1,429
Existing Stations	1,359
Stations Needed-2022	**70**

V. Project Uses and Sources of Funds

The Applicants are funding this project with cash in the amount of $2,590,531 and the Fair Market Value of Leased Space of $2,585,407. The estimated start-up costs and operating deficit is $2,159,513. The cost of the land is $975,000.

TABLE TWO
Project Uses and Sources of Funds

Uses of Funds	Total	% of Total
New Construction Contract	$1,598,743	30.89%
Contingencies	$159,874	3.09%
Architectural/Engineering Fees	$92,300	1.78%
Consulting and Other Fees	$56,591	1.09%
Movable or Other Equipment	$683,023	13.20%
FMV of Leased Space	$2,585,407	49.95%
Total Use of Funds	$5,175,938	100.00%
Source of Funds		
Cash and Securities	$2,590,531	50.05%
Leases (Fair Market Value)	$2,585,407	49.95%
Total Sources of Funds	$5,175,938	100.00%

VI. Purpose of the Project and Alternatives to the Project

A) Criterion 1110.110(b) - Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document

1. *That the project will provide health services that improve the health care or well-being of the market area population to be served.*
2. *Define the planning area or market area, or other relevant area, per the applicant's definition.*
3. *Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.*
4. *Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.*
5. *Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.*

The Applicants stated the following in part:

"This project is intended to address the need for dialysis stations and will improve access to life sustaining dialysis services to the residents residing on the ethnically diverse Southwest Side of Chicago. The Midway geographic service area ("GSA") is a "melting pot" of sorts, due to its constant change of races moving in and out of the area, as well as the diversity that exists there. The Midway GSA population is 21% African American and 54% Hispanic. These are two minority groups that have a higher incidence and prevalence of kidney disease than the general population. Further, the Midway GSA is an area with many low-income residents. Eighteen percent of the population lives below the Federal Poverty Level and 33% of the population lives below 150% of the Federal Poverty Level (138% of the Federal Poverty Level is the income eligibility limit for the Medicaid program in Illinois. Finally, due to barriers faced by members of this community. the Health Resources & Services Administration ("HRSA') has designated this area a primary care Health Professional Shortage Area and a Medically Underserved Population."[4] [Application for Permit pages 102-107 for complete discussion]

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4 Medically Underserved Areas (MUAs) and Medically Underserved Populations (MUPs) identify geographic areas and populations with a lack of access to primary care services. MUAs have a shortage of primary care health services for residents within a geographic area such as:

- a whole county;
- a group of neighboring counties;
- a group of urban census tracts; or
- a group of county or civil divisions.

MUPs are specific sub-groups of people living in a defined geographic area with a shortage of primary care health services. These groups may face economic, cultural, or linguistic barriers to health care. Examples include, but are not limited to, those who are:

- homeless;
- low-income;
- Medicaid-eligible;
- Native American; or
- migrant farmworkers.

MUA/P designations are based on the Index of Medical Underservice (IMU). IMU is calculated based on four criteria:

- the population to provider ratio;
- the percent of the population below the federal poverty level;
- the percent of the population over age 65; and
- the infant mortality rates.

IMU can range from 0 to 100, where zero represents the completely underserved. Areas or populations with IMUs of 62.0 or less qualify for designation as an MUA/P. Source: Health Resources and Services Administration.

B) Criterion 1110.110(d) – Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must identify all the alternatives considered to the proposed project.

The Applicants considered <u>two alternatives</u> to the proposed project; **<u>do nothing or utilize existing clinics.</u>** Both alternatives were rejected based in part on the following:

"The Midway GSA population is 21 % African-American and 54% Hispanic. These are two minority groups that have a higher incidence and prevalence of kidney disease than the general population. Further, the Midway GSA is an area with many low-income residents. Readily accessible dialysis services are imperative for the health of the residents living in the Midway GSA. Excluding dialysis clinics that were recently approved or in ramp up, average utilization of area dialysis Clinics is 73% as of March 31, 2019. Further. over the past four years. patient census at the existing clinics has increased 3.6% annually and is anticipated to increase for the foreseeable future due to the demographics of the community and disease incidence and prevalence trend. Average utilization of these clinics is projected to exceed 80% by December 2021, when the proposed Midway Dialysis is anticipated to come online."

VII. <u>Projected Utilization</u>

A) Criterion 1110.120(b) – Projected Utilization

To demonstrate compliance with this criterion the Applicants must document that the proposed facility will be in compliance with the State Board Standards published in Part 77 ILAC 1110 Appendix B two (2) years after project completion.

The Applicants are estimating 68 patients will require dialysis within 12-24 months of project completion.

68 patients x 156 treatment per year = 10,608
12 stations x 936 treatments per year per station = 11,232 treatments
10,608 ÷ 11,232 = 94.4%

<u>Staff Note:</u> The referral letter provided by the Applicants included qualifying language by the Nephrologist who signed the letter. The language stated: "*I have been informed that these patient referrals have not been used to support another pending or approved certificate of need application."* What the State Board is looking for <u>positive assurance</u> that the referrals have not been used to support any other project.

In follow-up to this issue the Applicants stated *"the legal counsel's office at University of Chicago doesn't have first-hand knowledge of its nephrologists' CKD data and its associated use in the CON permit application process. Based on that, they modified the language in the referral letter to add a knowledge qualifier.*

Included with the follow-up response to the Board's Staff questions the Applicants provided all the previous referral letters used to support the four previous University of Chicago projects that have been approved by the Board:

- Permit #10-093-Woodlawn Dialysis,

- Permit #11-114- Lake Dialysis,
- Permit #12-008-Stony Island Dialysis
- Permit #15-048-Park Manor Dialysis.

A summary list of zip codes with the number of pre-ESRD patients from each zip code for all five (including Midway Dialysis) of the University of Chicago projects was also provided. Based upon that list only 3 patients of the 140 patients being used to justify the Midway Dialysis Project were from the same zip code. The Applicants go on further to state

"The CKD data for the Midway Dialysis application was provided by the University of Chicago, and as shown above, we (DaVita/Polsinelli) verified the data had not been used to support another approved or pending CON application. As noted in the referral letter, the University of Chicago did not independently verify the CKD data was not used in a prior application and relied on representations made by DaVita and Polsinelli regarding the data provided in the referral letter."

Based upon the follow-up data that has been submitted the Board Staff accepted 137 of the 140 pre-ESRD patients that were submitted for this project. The Applicants have successfully addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH PROJECTED UTILIZATION CRITERION (77 ILAC 1110.120(b))

VIII. In-Center Hemodialysis

A) Criterion 1110.230(b)(1)(A) & (B) - Planning Area Need

The applicant shall document that the number of stations to be established or added is necessary to serve the planning area's population, based on the following:

1) 77 Ill. Adm. Code 1100

A) The number of stations to be established for in-center hemodialysis is in conformance with the projected station deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.

B) The number of stations proposed shall not exceed the number of the projected deficit, to meet the health care needs of the population served, in compliance with the utilization standard specified in 77 Ill. Adm. Code 1100.

The Applicants are proposing a 12-station facility. There is a calculated need in this ESRD Planning Area for 70 stations. The Applicants have met this sub-criterion.

2) Criterion 1110.230 (b) (2) - Service to Planning Area Residents

A) Applicants proposing to establish or add stations shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

The 12-station dialysis facility will be located at 3700 W. 63rd Street, Chicago, Illinois 60629. The Applicants have identified 140 pre-ESRD patients that reside within 3.5 miles of the proposed facility. Within 12-24 months the Applicants expect to refer approximately 68 of these patients to the proposed facility if approved. Fifty-two of these 140 patients reside in the 60629-zip code (the location of the proposed facility) and 88 patients reside in 60636-zip code (approximately 2.3 miles from the proposed facility). The proposed facility will provide services to the residents of the area in which the facility will be located as required by this sub-criterion. [Application for Permit page 142].

3) Criterion 1110.230 (b) (3) - Service Demand – Establishment of In-Center Hemodialysis Service *The number of stations proposed to establish a new in-center hemodialysis service is necessary to accommodate the service demand experienced annually by the existing applicant facility over the latest 2-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new facility, the applicant shall submit projected referrals. The applicant shall document subsection (b) (3) (A) and either subsection (b) (3) (B) or (C).*

Historical patient information was provided for Dr. Stankus with The University of Chicago, Section of Nephrology and projected information was provided as required. The Applicants are projecting 68 patients will require dialysis within 12-24 months of the opening of the proposed facility [See 77 ILAC 1110.120 (b) above].

5) Criterion 1110.230 (b) (5) - Service Accessibility

The number of stations being established or added for the subject category of service is necessary to improve access for planning area residents. The applicant shall document the following:

A) Service Restrictions

The applicant shall document that at least one of the following factors exists in the planning area:

i) The absence of the proposed service within the planning area;

ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;

iii) Restrictive admission policies of existing providers;

iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;

v) For purposes of this subsection (b)(5) only, all services within the established radii outlined in subsection (b)(5)(C) meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

i) There is no absence of ESRD services in the HSA VI ESRD Planning Area-Chicago. There are 68-ESRD facilities within this planning area with 1,359 stations.

ii) No Access limitations have been identified.

iii) No restrictive admission policies of existing providers have been identified.

iv) The proposed facility will be in an area that has been Federally designated as a Medically Underserved Area and Medically Underserved Population.

v) There are 23 ESRD facilities within the 5-mile radius. Seven of these facilities are in ramp-up or are not fully operational. The average utilization of the 16 facilities is approximately 67%.

TABLE FOUR
Facilities within the 5-mile GSA

Facility	City	Miles	Stations	Patients	Utilization	Star Rating
DaVita West Lawn Dialysis	Chicago	1.02	12	64	88.89%	5
Fresenius Kidney Care Marquette Park	Chicago	1.63	16	84	87.50%	3
Fresenius Kidney Care Burbank	Burbank	2.23	26	110	70.51%	4
US Renal Care Scottsdale	Chicago	2.36	36	112	51.85%	3
Fresenius Kidney Care Southside	Chicago	2.45	39	172	73.50%	2
DaVita Beverly	Chicago	2.83	16	83	86.46%	3
Fresenius Kidney Care Midway	Chicago	3.15	12	56	77.78%	4
Fresenius Kidney Care New City	Chicago	3.51	16	46	47.92%	NA
Fresenius Kidney Care Ross-	Chicago	3.6	24	70	48.61%	3
Dialysis Care Center of Oak Lawn	Oak Lawn	3.84	11	60	90.91%	NA
Fresenius Medical Care Cicero	Cicero	4.36	20	103	85.83%	5
Fresenius Kidney Care Garfield	Chicago	4.55	22	77	58.33%	5
SAH Dialysis Center at 26th Street	Chicago	4.58	15	47	52.22%	5
Fresenius Kidney Care Summit	Summit	4.68	12	51	70.83%	2
Fresenius Kidney Care Evergreen Park	Evergreen Park	4.73	30	93	51.67%	NA
DaVita Lawndale Dialysis	Chicago	4.79	16	65	67.71%	4
Total			323	1,293	66.72%	
DaVita Brighton Park Dialysis	Chicago	2.26	16	21	21.88%	
DaVita Auburn Park Dialysis	Chicago	2.68	12	0	0.00%	
DaVita Ford City Dialysis	Chicago	2.76	12	10	13.89%	
DaVita Oak Meadows Dialysis	Oak Lawn	4.36	12	1	1.39%	
Dialysis Care Center Evergreen Park	Evergreen Park	4.56	14	0	0.00%	
DaVita Marshall Square Dialysis	Chicago	4.62	12	0	0.00%	
DaVita Cicero Dialysis	Cicero	4.88	12	0	0.00%	
Total			90	32		
Total Stations/Total Patients			413	1,325		

1. Miles determined by MapQuest.
2. Stations as of January 2020
3. Patients as of December 31, 2019.
4. Star Rating taken from Medicare Compare Website.

Summary

The Applicants are proposing a 12-station ESRD facility to address the calculated need of 70-stations in this planning area. Enough demand (68 patients) has been identified by the Applicants to justify the 12-stations. The proposed facility will serve the residents of the 5-mile GSA as evidenced by the 140 pre-ESRD patients identified by the Applicants within the 5-mile GSA. (See Application for Permit pages 172-179). The location of the proposed facility is in a Medically Underserved Area and Medically Underserved Population. The Applicants have met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.230 (b) (1) (2) (3) (5))

C) Criterion 1110.230(c) - Unnecessary Duplication of Service/Maldistribution

1) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information:

A) A list of all zip code areas that are located, in total or in part, within the established radii outlined in subsection (c)(4) of the project's site;

B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and

C) The names and locations of all existing or approved health care facilities located within the established radii outlined in subsection (c)(4) of the project site that provides the categories of station service that are proposed by the project.

A. The names and location of all ESRD facilities existing and approved within the 5-mile GSA (*the established radii*) was provided as required.

B. A list of zip codes was provided at page 119 of the Application for Permit. There are approximately 578,973 residents within this 5-mile radius. There are 23 ESRD facilities within this 5-mile radius with 413 stations. In this 5-mile GSA there is 1 station for every 1,402 residents.

The 2017 State of Illinois Estimated Population is 12,802,000. As of January 2020, there is 4,946 ESRD stations. In the State of Illinois there is one station for every 2,588 residents.

TABLE FIVE
Ratio of Stations to Population

	Population	Stations	Ratio
5-mile GSA	578,973	413	1 station for every1,402 residents
State of Illinois	12,802,000	4,946	1 station for every 2,588 residents

C. The Applicants stated the following:

"The proposed dialysis clinic will not have an adverse impact on existing clinics in the Midway GSA. University of Chicago, Department of Medicine is currently treating 140

CKD patients, who reside within 3.5 miles of the proposed Midway Dialysis. Conservatively, based upon attrition due to patient death, transplant, stable disease, or relocation away from the area and in consideration of other treatment modalities (HHD and peritoneal dialysis), Nicole Stankus, M.D. anticipates that at least 68 of these 140 patients will initiate in-center hemodialysis within 12 to 24 months following project completion. No patients are expected to transfer from existing dialysis clinics. The proposed dialysis clinic will not lower the utilization of other area clinics that are currently operating below HFSRB standards. Excluding dialysis clinics that were recently approved or in ramp up, average utilization of area dialysis clinics is 73% as of March 31,2019. Further, over the past four years, patient census at the existing clinics has increased 3.6% annually and is anticipated to increase for the foreseeable future due to the demographics of the community and disease incidence and prevalence trend. Average utilization of these clinics is projected to exceed 80% by December 2021, when the proposed Midway Dialysis is anticipated to come online."

Summary

There is a surplus of stations in this 5-mile GSA and based upon the December 2019 census there is 136 stations in excess at the 80% target occupancy (413 existing stations – 277 stations warranted at 80% = 136 stations). Eleven of the 16 facilities that have been in operation more than two years are not at the target utilization of 80%. There are 7 ESRD facilities with 90 stations in the 5-mile GSA not yet operational. It appears the proposed facility will result in unnecessary duplication and maldistribution of service in this 5-mile GSA. The Applicants have not successfully addressed this criterion.

For the existing 16 facilities (323 stations) to be at target occupancy by 2021 there would have to be an increase in the number of patients by 16.5% from 1,325 to 1,544 patients.

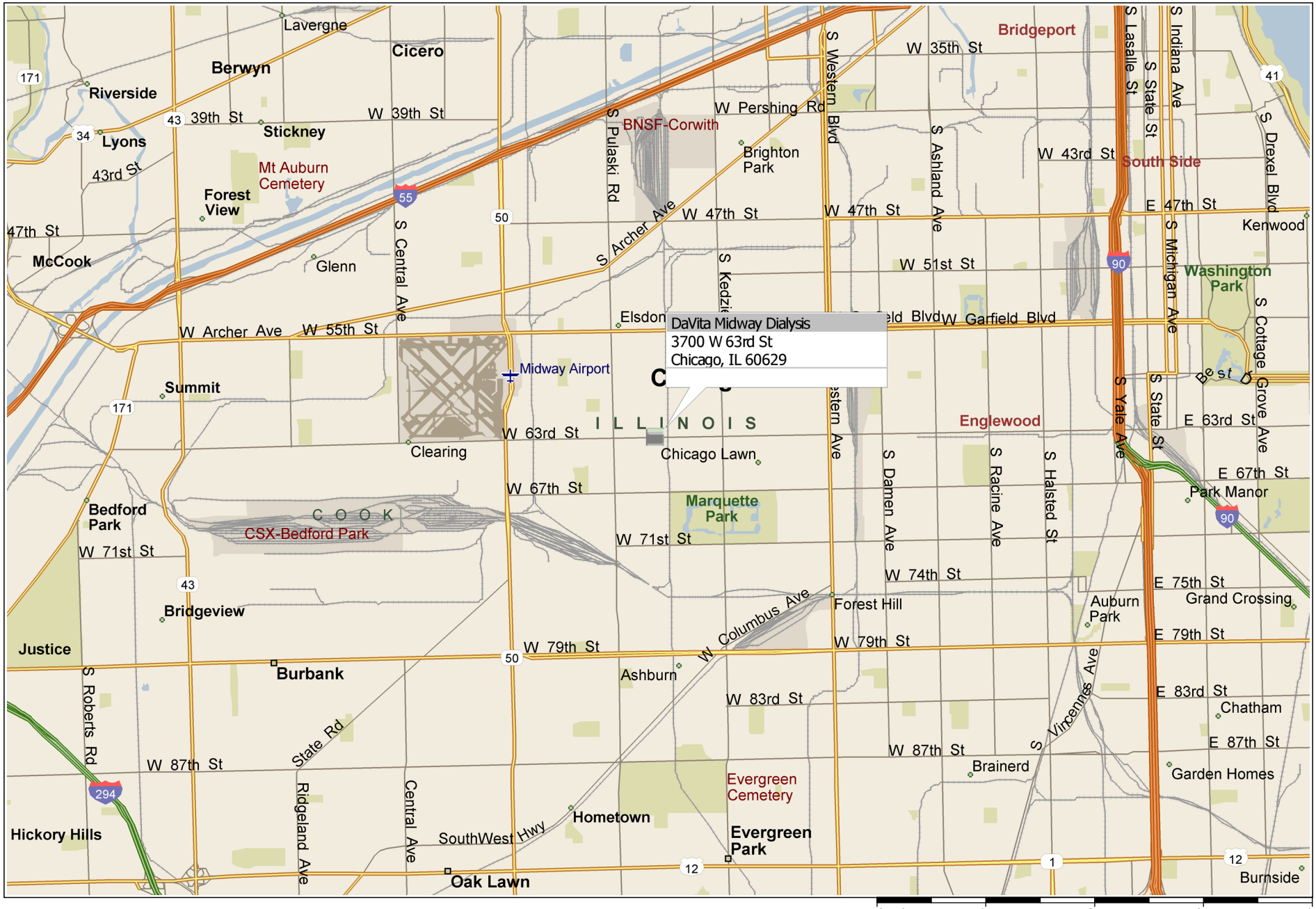
The table below is an estimate of the number of stations needed in the 5-mile GSA based upon the current number of patients (1,325) at the historical average annual growth in the number of patients in the Planning Area (i.e. City of Chicago) of 3.10%.

TABLE FIVE
Estimate of number of stations needed in 5-mile GSA

Year	2020	2021	2022	2023	2024	2025	2026
Patients	1,325	1,366	1,408	1,452	1,497	1,544	1,591
# of Stations Needed at 80%	277	285	294	303	312	322	332
Year	2027	2028	2029	2030	2031	2032	2033
Patients	1,640	1,691	1,744	1,798	1,853	1,911	1,970
# of Stations Needed at 80%	342	353	364	375	387	399	411

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION MALDISTRIBUTION (77 ILAC 1110.230(c)(1)-(3))

19-027 DaVita Midway Dialysis - Chicago



CHAIRMAN SEWELL: Okay. We're going to come to order.

Next on the agenda is H-03, Project 19-027, DaVita Midway Dialysis in Chicago.

May I have a motion to approve this project to establish a 12-station end-stage renal disease facility.

MEMBER SAVAGE: So moved.

CHAIRMAN SEWELL: Is there a second?

MEMBER MURRAY: Second.

CHAIRMAN SEWELL: Would you introduce yourselves.

MS. COOPER: Good afternoon. My name is Anne Cooper, counsel for DaVita, the applicant for this project.

MS. THOMAS: I'm Dawn Thomas, director at DaVita.

MS. FRIEDMAN: Kara Friedman, Polsinelli, counsel for DaVita.

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

(Three witnesses sworn.)

THE COURT REPORTER: Thank you.

CHAIRMAN SEWELL: State agency report.

MR. CONSTANTINO: Thank you, Mr. Chairman.

The applicants are asking the Board to approve a 12-station ESRD facility in Chicago, Illinois. The cost of the project is approximately $5.3 million. The expected completion date is December 31st, 2021.

We did receive a comment on the State Board staff report. There was no request for a public hearing, and no letters of support or opposition were received by the State Board. There was a finding related to this project.

I do have those handouts if someone would like to see the hard copy.

MS. AVERY: The ones Kara has?

MR. CONSTANTINO: The ones that Kara submitted as a comment on State Board staff report.

MS. COOPER: I've got copies.

MS. AVERY: I'll help you.

CHAIRMAN SEWELL: Okay. We'll let them pass those out.

MS. COOPER: And just to clarify, we actually had blown these up, but I think they got left at someone's front door and didn't make it to

the meeting today, so we'll ask you to look in your packet at them.

MS. AVERY: Use your mics.

CHAIRMAN SEWELL: Speaking of using the mics, all of us have been asked, including the Board, to put the mics closer to our mouth when we're speaking because people are having trouble hearing. So I'm sorry about that.

MR. CONSTANTINO: We did send this by email to you, too.

CHAIRMAN SEWELL: Okay. Do you have a presentation?

MS. THOMAS: I'm Dawn Thomas, director of operations over the planned DaVita Midway clinic. With me today are our CON attorneys Kara Friedman and Anne Cooper.

I'd like to thank the Board staff for its thorough assessment of this planned clinic and the generally positive State board report. I'd also like to thank our patient advocates who took time off earlier today to discuss their family experiences, Ella Tate, Irma Lizcano and Romie Middleton-Jackson.

So this planned clinic, a collaboration of

University of Chicago nephrologists is designed to address a portion of the need for additional clinics identified by the State. As part of that collaboration, DaVita operates clinics at U of C on the south side neighborhoods of Stony Island, Woodlawn, Kenwood, and Park Manor. Still there's a need for 80 stations in the city of Chicago, roughly seven clinics. This clinic will address the need for one of these clinics, and we are placing it in a area with a high concentration of individuals suffering from kidney disease.

So I have a few comments, and I'm pleased to share them today with the new Board members who may only be anecdotally aware of the services that DaVita offers.

First, I'd like to describe our primary charge is as a kidney care provider. The immediate need for our patients is dialysis, which is blood filtering that replaces a kidney that no longer works. Dialysis is administered to every kidney failure patient who is compliant with his or her treatment protocol 156 times a year. That's about four hours a day, three times a week, every week of every month of the year.

Some of our patients can drive, but many, especially poor and elderly patients rely on assistance for transportation from friends, family, and transportation programs. Getting to and from dialysis effectively every other day is a heavy lift not just for the community but for family, too, which shows the relevance of access to care.

As a medical home for these patients we're charged with renal disease population health management and use evidence-based practices to improve their dialysis outcomes and overall health. Our patients nearly always suffer from associated disease comorbidities such as cardiovascular disease, diabetes or glucose intolerance, hypertension, and lipid disorders. With our physician partners we are on the front line of managing the patient's overall well-being and the associated high cost with hospitalizations and other complications or a comorbidity-ill patient group.

Leading the industry for four years running, DaVita is one of the most prominent dialysis providers in the country, and we are the leading care provider under the CMS 5 Star quality rating

system. We help kidney patients lead healthier lives while improving clinical outcomes and total cost of care.

We collaborate with Federal government on many initiatives to improve patient outcomes, and we are committed to:

One, educating the general population and particularly those with diabetes and hypertension who are most at risk for kidney disease about the condition and what they can to do prevent its progression;

Two, helping identify patients at the early stage of kidney disease to bring in the appropriate primary care and specialty physician care to indefinitely maintain their kidney function;

Three, supporting patients to get on and stay on transplant list;

Four, educating patients on home treatment modalities and ensuring their success on dialysis at home;

And then, five, reinforcing the importance of showing up for treatment with patients.

We promptly reschedule the patients' missed

treatments, and we work hard to mitigate costly hospitalizations, again, all of which correlate to access to care.

So in my role in the Chicago clinics, I see how important neighborhood access to care is in getting patients to remain compliant with their treatment protocol. Treatment compliance directly leads to lower hospitalizations and to better patient outcomes.

So specific to lowering hospitalization rates, this is a core focus of our integrated kidney care initiatives. We take a patient-centered approach to managing the unique needs of medically complex renal patients across the entire care team and continuum. Our holistic approach is built on ongoing communications with patients during their treatment to address their health needs beyond dialysis with hands-on care from the treating nephrologist.

In Chicago our clinical team partners with clinic managers to develop plans for frequently hospitalized patients to help them manage their total health care needs. These initiatives and our patient compliance monitoring have resulted in

lowering our hospitalizations.

Our existing centers in the relevant service area, which is 5 miles, are all operating well over the 80 percent utilization target, 90, 88, and 100 percent respectively. We expect this area to be over 80 percent utilization by 2022, which is inclusive of Midway and other clinics we have recently opened. And Kara will discuss the broader area trends in a moment.

DaVita's dedicated to expanding access for patients in the City of Chicago despite the difficulties we often face due to heavy reliance on government programs and very few patients covered by commercial insurance. With regard to the location of this clinic, many parts of Chicago, including this one, are economically disadvantaged with significant minority populations with a high chronic disease burden.

As shown in the visuals that we submitted, comparing the ESRD population mix of the city of Chicago to the remainder of the state, 63 percent of the ESRD patients in Chicago are African-American compared to 41 percent statewide; 23 percent of the ESRD patients are Hispanic compared to 16 percent

statewide. The Midway community is medically underserved, which means access to key screening and disease prevention resources are limited.

The incidence of diabetes and hypertension is increasing nationally, and as outlined in our application, African-American and Hispanic communities like this one bear a disproportionate share of the disease burden. When an individual lacks access to care, diseases are poorly managed and get worse more rapidly. The catastrophic outcome too often faced is a patient's revelation that their kidneys have failed when they present in the emergency department in acute irreversible renal failure.

As a result of a lack of access to care and disease management services, it's not surprising, also as depicted in the visuals that we submitted which is derived from this agency's analysis, that Chicago has the highest incidence of dialysis use rate in the state, nearly 1.9 per thousand, significantly higher than the statewide use rate, which is 1.4 per thousand, and more than twice the rate of HSA4 which is the planning area with the lowest use rate.

Thank you for your time today, and Kara will address the single finding on the Board staff report.

MS. FRIEDMAN: Thank you, Dawn.

One thing that Dawn mentioned when she talked about the health care disparities in this community. There are two designations that are noted on page 7 of the Board staff report that are relevant to your consideration today, and that is that this is a health professional shortage area, as well as a medically underserved population. And those are designations that the Federal government, the Health Resources and Services Administration designates the community as. And based on that, this placement of a clinic in this area receives a more favorable consideration under your rules.

DaVita's application did meet all the financial viability and economic feasibility criteria, and of the 21 criteria there was only one shortcoming identified.

This planning -- this state is set up into 11 planning areas, and the city of Chicago has its own designation as a single planning area. With the need formulations that came out at the last

meeting, seven clinics were identified to be needed in the city of Chicago. This particular Midway clinic is a collaboration with the University of Chicago nephrology department, and in that collaboration there are already four clinics that are located. And if you look at what you have in your submission, this green-shaded chart, they're located in the -- kind of right here in the side and lower part of this chart that indicates that they're located in the highest density areas of patients suffering from end-stage renal disease.

And as you continue to look on that, you'll see there's a yellow dot at the location of this planned clinic. So with University Physicians we're planning to add another clinic in an area that also has a very high incidence of end-stage renal disease.

And the reason we know that those patients exist is because there is a Federal organization called the Renal Network that tracks quality in each of the various areas of the United States. And the renal network over Illinois has supplied this information in order for us to show you how this population is disseminated over the city of

Chicago.

As you probably know, kidney failure can generally be predicted by lab values associated with decreased kidney function and increased value for certain blood toxins. This is how University of Chicago physicians developed their list of patients anticipated to require care in the next couple of years, and it's based on the immediate 3-mile area around this facility-planned location.

These facilities are very small. There are about -- there are over 1300 patient within a 5-mile area of this clinic that are already on dialysis, so that means that they need about 20 clinics in that area, and that sounds like a lot. These clinics kind of pop up around what you would expect for a Walgreen's except they are smaller than a Walgreen's location would be. So the proximity to the patient's home is really critical for making sure that they get there time and again and that their families are able to support them to get them to their treatments.

Here our nephrology partners identified 140 patients. There's only going to be 65 to 75 patients at this particular location. Hopefully

some of those other patients will maintain their kidney function, or they'll opt for a different care modality for their care, or some of them unfortunately will not survive. Their likelihood of surviving is actually lower in this community than it is in other areas of Chicago that are more affluent, so particularly important we think to place an additional avenue of care.

Most important we think for your consideration about why there might be a negative finding here, there is a trend of about 3 percent annual growth rate of patients in this immediate 5-mile area, and that's a trend that's persisted for four years. So if you trend out to the year that this need was projected for, which is 2022, with that growth rate you'll see that the overall average utilization of the clinics in this area is over 80 percent.

And then, finally, just one thing I wanted to note for you. In our submission we included this map of the city of Chicago that has a few circles around it. So the providers have a mandate to figure out where to place these clinics based on where the patients are, where they're most

needed, and they always have to consider where the patients are, and they can also look at what supply exists in other places.

If you had look at this map, there will not be an area in the city of Chicago that doesn't have at least a single clinic that's operating under 80 percent. And so, for example, the other application that was pending today has facilities operating between 53 percent and 100 percent in their area, which is up near 290 at Loretto Hospital.

So any project that you see before you today is going to have that slight negative finding due to there being some capacity in other areas, but as the trend continues, we will find that those facilities are more utilized and at your optimal utilization by 2022, which is what we're planning for.

Thank you for your time, and we're happy to answer any questions.

CHAIRMAN SEWELL: Board members, any questions?

MEMBER MURRAY: So I have a question. I heard you say that, you know, you think in 2022 80 percent capacity will be met, and I want to be

clear and maybe you can help me understand better.

So we're talking about a part of the city that is losing population, especially African-American population, and we're talking about a treatment modality that is shifting to home dialysis.

So if you could talk to me about how those two trends going in the opposite direction, how then can you say in 2022 everybody --

MS. FRIEDMAN: So I think in your projection for the city of Chicago the population is effectively flat. I think there was a small increase of overall population. But, unfortunately, the use rate in the city of Chicago is --

MEMBER MURRAY: I want -- I don't want to get confused. So in the city of Chicago -- I'm not talking about the total population for the city; I'm talking about the black population on the south side of Chicago is going down, so -- and especially poor. To be really clear, the poor people of the city of Chicago has been going down for 25 years.

So the population that you're targeting here is moving out of the city and -- obviously,

everybody is not going to move -- and in addition to that, more and more people are going to be using home dialysis rather than dialysis at a center.

So I'm trying to understand how, given those two important trends, you can still say that you're not -- this lack of -- the fact that everybody is under capacity is something we shouldn't worry about.

MS. FRIEDMAN: So that 3 percent figure that I provided you is the clinics that are located in this Midway area and out to 5 miles. Those are the ones that the State Board staff report is grading against, and that's where that 3 percent increase is being seen.

Certainly, home modalities are favored, and in some communities they are trending up. When you don't have good community support, when you don't have the financial means to do some things necessary to maintain dialysis, you might have some bias towards having a health care provider assist you with your service in a setting, and we have found some of that -- some of you were here for the presentation offered to us several months ago -- I think it was January -- about the

difficulty patients are facing in selecting home dialysis.

So as much as DaVita has many initiatives to improve home dialysis utilization, I think it's still a struggle for some patients to accept that that's the right modality for them, and patients always have a choice of modality.

CHAIRMAN SEWELL: Any other questions or comments?

(No response.)

CHAIRMAN SEWELL: Roll call.

MR. ROATE: Motion made by Ms. Savage; seconded by Dr. Murray.

Dr. Martell.

MEMBER MARTELL: I vote no in reviewing the staff report and the testimony provided.

MR. ROATE: Thank you.

Dr. Murray.

MEMBER MURRAY: Based on the testimony and the staff report I vote no.

MR. ROATE: Thank you.

Ms. Savage.

MEMBER SAVAGE: I vote no based on the testimony and the staff report.

MR. ROATE: Thank you.

Mr. Slater.

MEMBER SLATER: No, based on the staff report.

MR. ROATE: Thank you.

Chairman Sewell.

CHAIRMAN SEWELL: I vote no based on that one criterion.

MR. ROATE: Thank you.

That's 5 votes in the negative.

MS. AVERY: You have received an intent deny and I will follow it up.

MS. FRIEDMAN: Thank you.

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POLSINELLI

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December 20, 2019

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Via Hand Delivery
E-Mail

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

Re: DaVita Midway Dialysis (Proj. No. 19-027) ("Planned Clinic")
Submission of Additional Information

Dear Ms. Avery

Polsinelli represents DaVita Inc. and Total Renal Care, Inc. (collectively, the "Applicants") in the above-referenced proposal to establish a 12-station dialysis clinic in Chicago, Illinois (the "Planned 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") October 22, 2019 meeting. Pursuant to Section 1130.670 of the State Board's Procedural Rules, the Applicants respectfully submit supplemental information regarding the Planned Clinic.

The key points of this supplemental information submission are as follows:

- **Dialysis Services Need.**
  - The Planned Clinic will address the current State Board calculated need for 70 staff assisted in-center hemodialysis stations in HSA 6.
- **Utilization Trends.**
  - The growth of ESRD patients in the five mile radius geographic service area of Midway in Chicago ("Midway GSA") far outpaces growth of ESRD patients in the State of Illinois, as a whole.
  - The increase in utilization of dialysis clinics in the Midway GSA indicates that the average utilization of those clinics will exceed 80% in 2022, the first full year of operation of the Planned Clinic. See Attachment – 1.

- **Service Accessibility.**
  - The Planned Clinic will address a service restriction, the Medically Underserved Population, in the Midway GSA. This fact was documented in the CON permit application with supporting documentation from the Health Resources and Services Administration of the U.S. Department of Health and Human Services ("HRSA") and, as such, the application conforms with the requirements of Section 1110.230(5)(a)(iv) of the State Board rules.
  - The community to be served by the Planned Clinic is part of the primary service area of Christ Medical Center and of that PSA, it has the poorest (most negative) score on the SocioNeeds Index within that PSA. The SocioNeeds Index measures socioeconomic need that is correlated with poor health outcomes.
- **Sufficient Population of Residents with Kidney Disease Exists to Support the Planned Clinic.**
  - The University of Chicago which supports the Planned Clinic has documented a large chronic kidney disease patient population in the Midway GSA, a segment of which will select the staff assisted, in-center renal replacement modality
  - Departures to the Chicago suburbs of some residents have skewed the age cohort of the Midway GSA such that the Midway GSA population is aging. Further, ignoring the departure of some residents, the 55+ age cohort, the age cohort with the highest incidence and prevalence of ESRD, continues to increase in the Midway GSA. From 2010 to 2017, the population in the 55+ Years of Age cohort in the Midway GSA increased by 13.2% (or nearly 15,000 residents).

As the data provided in this letter (as well as the CON permit application) demonstrates, the Planned Clinic is fully justified and will address the growing need for additional dialysis services in the Midway GSA.

1. Need

Currently, there is a State Board defined need for 70 staff assisted in-center hemodialysis stations in the City of Chicago, the second highest calculated station need in the State. The Planned Clinic will help to address this need.

DaVita continually assesses areas within the City of Chicago to develop new dialysis clinics that will improve access to the most vulnerable patients. Over the past five years, DaVita has invested more in the delivery of kidney care in the City of Chicago than any other dialysis provider. Of the 14 clinics approved by the State Board, 9 dialysis clinics were new DaVita clinics. ***Importantly, all these DaVita dialysis clinics serve federally designated medically underserved populations***. These patients live in economically disadvantaged, minority communities that tend to have the highest rates of chronic disease, including hypertension, diabetes and kidney disease. Relatedly, a MUA is typically an area where many residents lack insurance or are underinsured. This results in a difficult payor mix. Despite that, DaVita stands ready to meet the demand for care in this area.

2. Utilization Trends

While the State has seen some growth of inpatient hemodialysis patients (1.7% annual growth rate) over the past three years, growth within the Midway GSA has been significant. From September 2016 through September 2019, patient census among the existing clinics within the Midway GSA increased 4.1% annually or 12.8% over the three year period. Extrapolating that growth, average utilization of existing clinics will reach 81% by December 2022. See Attachment – 1.

Not only is utilization growing among the existing clinics in the Midway GSA, but the overall ESRD population in the area is experiencing similar increases. According to data from the Renal Network, 589 ESRD patients lived in the Midway primary service area in March 2019, the most current data available. This amounts to a compound annual growth rate ("CAGR") of 4.4% for the three year period ending March 2019. Assuming this trend continues, the ESRD patient population of the Midway GSA is projected to grow to 670 patients by March 2022.

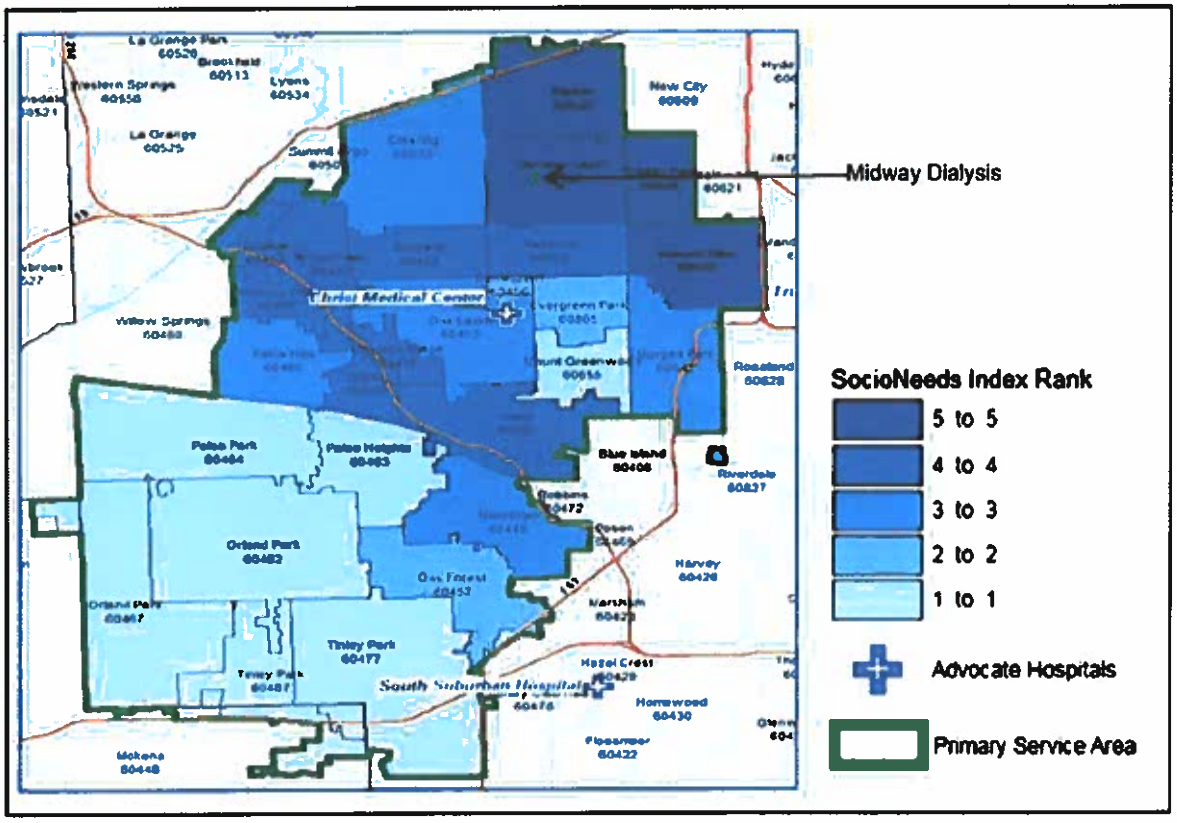
3. Service Accessibility - The Planned Clinic is Located in a Medically Underserved Area

As a general matter, studies have found socioeconomic status greatly affects a person's health status. Advocate Christ Medical Center is a key provider of hospital services for the Midway service area. In its most recent Community Health Needs Assessment 2014-2016 ("Community Health Assessment"), Advocate specifically addressed the impact of poverty on health status.[1] To understand the disparity of income and other socioeconomic factors in its service area, the Community Health Assessment examined how the SocioNeeds index varied across zip codes. The SocioNeeds Index is a measure of socioeconomic needs correlated to poor

[1] Advocate Christ Medical Center conducted a community health assessment targeting its defined community, which includes approximately 947,915 individuals within 27 zip codes in Chicago and Suburban Cook County.

health outcomes.[2] Importantly, the proposed Midway Dialysis clinic patient catchment area (sometimes referred to as the "PSA") includes two of the four zip codes identified in the Community Health Assessment as having the highest SocioNeeds index: Chicago Lawn (60629) and West Englewood (60636). As shown in the map on the following page, the proposed Midway Dialysis clinic will be centrally located to the communities with the highest SocioNeeds Index ranking. According to data from the Healthy Communities Institute, the index values for both zip codes exceed 90/100, indicating some of the highest areas of need in the country.[3]

Advocate Christ Medical Center PSA SocioNeeds Index Map 2016



Source: Healthy Communities Institute, 2016.

[2] The index combines multiple socioeconomic indicators into a single composite value that can be compared across zip codes.

[3] Advocate Christ Medical Center, Community Health Needs Assessment 2014 – 2016 13 (Dec. 2016) *available at* https://www.advocatehealth.com/assets/documents/chna/christ-chna-rpt-final.pdf (last visited Dec. 6, 2019).

To address health care disparities, it is essential to carefully assess the target area to be served for a better understanding of the clear health planning rationale for the establishment of the Planned Clinic. As described in the CON permit application, the Midway GSA is considered a "melting pot" due to the constant change of populations moving in and out of the area as well as the diversity that exists there. Due to a large immigrant population, cultural barriers to access health care are high. These barriers factor in the HRSA designation of the Midway GSA as primary care health professional shortage area ("HPSA") as well as a Medically Underserved Area and Medically Underserved Population. Limited communication and perceived lack of linguistic and cultural competence from providers can lead to mistrust of the health care system and make it difficult for immigrants to establish relationships with primary care physicians.[4] Provider communications and an ability to connect with one's primary care provider are critical for optimal healthcare, particularly when treating complex chronic illnesses.

The Planned Clinic will draw patients from a 12 zip code area on the Southside of Chicago. ***Over 54% of the population of the Planned Clinic's patient service area is Hispanic, with nearly 20% living below the federal poverty level***. Due to cultural and linguistic barriers faced by members of this community, HRSA has designated this area's residents to be a Medically Underserved Population. Residents suffer from health inequities – differences in population health status and health conditions that are systemic, patterned, and actionable. Given the high rates of poverty and the high Hispanic population, this federal designation becomes even more concerning because many area residents lack the ability to travel elsewhere for care and face other issues, including language barriers, that further limit their access to health care services.

4. Sufficient Population Exists to Support the Planned Clinic

DaVita is cognizant some of the African American population on the Southside is departing the City of Chicago to relocate to the Chicago suburbs or elsewhere. DaVita monitors demographic shifts as it places clinics throughout the State. Pertinent to the Midway GSA and which necessitates future clinics is the growth of the elderly population. CKD and ESRD are more common with advancing age, with one of every two patients starting hemodialysis over 65 years of age. Seniors comprise the fastest growing segment of the kidney failure population. Although the population of the Midway GSA decreased from 2010 to 2017, it is a younger and inherently healthier population that is leaving the City of Chicago. In the Midway GSA, the population in the 55+ Years of Age cohort increased by 13.2% (or nearly 15,000 residents) from 2017 to 2019. This is consistent with the data from DaVita's clinics in the Midway GSA where over two thirds of the patients are over 55 years of age. Given the higher prevalence of ESRD

[4] Id. at 102-103.

among the 55+ age cohort and the aging of the population, additional dialysis stations are warranted in the Midway GSA.

Finally, while there is a substantial need for staff assisted in-center hemodialysis stations, DaVita prefers that its patients elect more independent home dialysis and it fully supports home dialysis care programs. In recent years, it has implemented several methods to increase patient selection of home modalities. DaVita is the national leader in home dialysis and has many initiatives to promote home modalities.

- DaVita's patient care staff are trained and encouraged to actively promote home dialysis modalities and support patients who elect home dialysis, citing its flexibility and convenience, the ability to maintain employment, and its excellent outcomes. See Attachment – 2.

- DaVita home patients benefit from a comprehensive care program. The program provides patients with comprehensive, customized home dialysis training and helps ensure patients have a smooth transition into home dialysis and that they are supported through the process. See Attachment – 2.

- DaVita consistently invests in technology to support patients at home. Home Dialysis Connect, a suite of technology innovations designed to improve the care experience and outcomes for patients on home dialysis is one such example. See Attachment – 2.

DaVita's innovation in supporting home patients shifts more care to the home setting. Over the last year, DaVita's home program grew at four times the rate of its outpatient program.

DaVita's innovations in supporting home patients have shifted more care to the home setting. That said, there is much work to do to improve the health literacy of Americans as a whole and, therefore, the penetration of home programs is approximately only 7%. As DaVita works to strengthen its education and other interventions to encourage home dialysis, DaVita expects to see the modality to grow by 1% to 2% annually (or 13% penetration by 2020, the year the proposed Midway Dialysis becomes operational). This is consistent with data from the Renal Network, approximately 1,400 ESRD patients reside within the Midway GSA and only 9% of those ESRD patients utilize a home modality.

Even at this higher penetration level, the demand for staff assisted in-center hemodialysis will remain consistent in the City of Chicago as the overall ESRD patient population grows. The use of home dialysis among ESRD patients increased appreciably from 2008 through 2016. Overall, home dialysis use in 2016 was 85.6% higher than at its least utilized point in 2007;

however, its overall use was only 3.1% of all incident ESRD patients receiving dialysis in 2016.[5] While more patients will elect home dialysis, as noted above, DaVita projects incremental home dialysis growth of 1% - 2% annually, the overall ESRD patient population in the Midway GSA is projected to grow 7.9% annually. Demand for in-center hemodialysis will remain strong, and the clinics in the Midway GSA will be highly utilized. Accordingly, there is and will continue to be a need for in-center stations for the foreseeable future.

Thank you for your consideration of the additional information for Midway Dialysis.

Sincerely,

Anne M. Cooper

Attachments

cc: Dawn Thomas, DaVita Inc.

[5] US Renal Data System, USRDS 2018 Annual Data Report: Epidemiology of Kidney Disease in the United States 316 National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, (2018) available at https://www.usrds.org/2018/download/v1_c01_ GenPop_18_usrds.pdf (last visited Dec. 18, 2019).

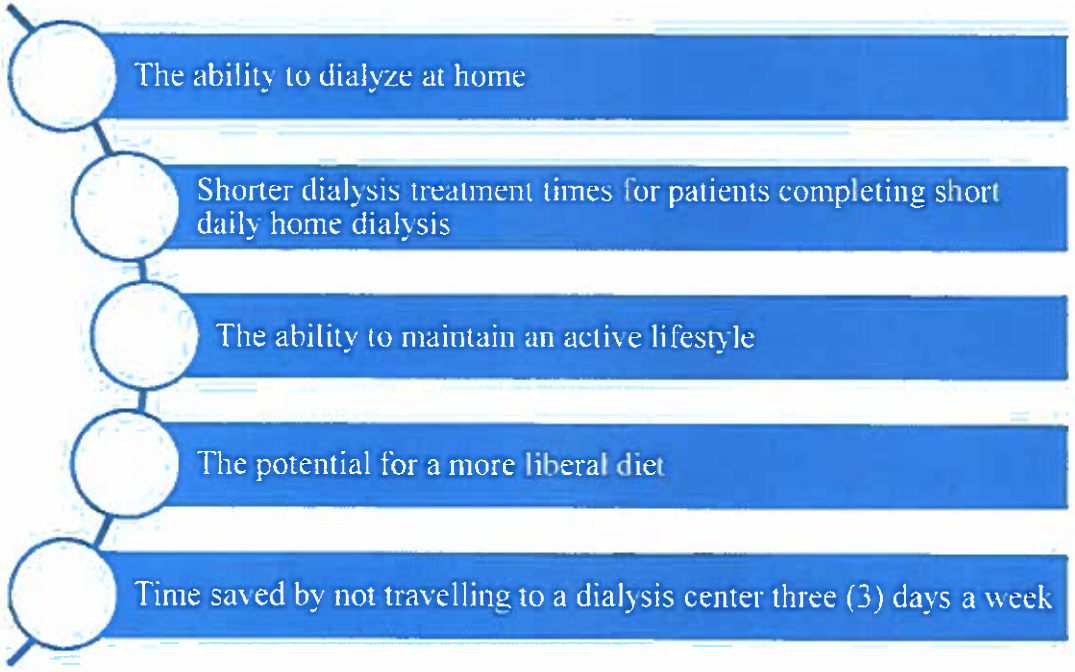
Historical and Projected Utilization of Clinics within Midway Dialysis Geographic Service Area

Facility	Ownership	HSA	Straight-Line Distance to Center (Miles)	Number of Stations 9/30/2019	Number of Patients 09/30/2016	Utilization % 09/30/2016	Number of Patients 09/30/19	Utilization % 09/30/19	Projected Utilization 12/31/2022	Projected Utilization 12/31/2022
West Lawn Dialysis	Davita	6	1.02	12	66	91.7%	65	90.3%	70	97.2%
Fresenius Medical Care Marquette Park	Fresenius	6	1.63	16	92	95.8%	84	87.5%	96	99.7%
FMC Dialysis Services - Burbank	Fresenius	7	2.23	26	139	89.1%	105	67.3%	120	76.7%
Brighton Park	Davita	6	2.26	16	0	0.0%	8	8.3%	93	96.9%
USRC Scottsdale	USRC	6	2.36	36	137	63.4%	119	55.1%	136	62.8%
South Side Dialysis Center	Fresenius	6	2.45	39	199	85.0%	178	76.1%	203	86.7%
DaVita Auburn Park Dialysis	Davita	6	2.68	12	0	0.0%	-	0.0%	62	86.1%
DaVita Ford City Dialysis	Davita	6	2.76	12	0	0.0%	7	9.7%	61	84.7%
Beverly Dialysis	Davita	6	2.83	16	91	94.8%	90	93.8%	94	97.9%
Fresenius Medical Care - Midway	Fresenius	6	3.15	12	68	94.4%	55	76.4%	63	87.0%
FMC New City	Fresenius	6	3.51	16	0	0.0%	48	50.0%	52	54.2%
Fresenius Ross-Englewood	Fresenius	6	3.60	24	91	63.2%	59	41.0%	67	46.7%
Dialysis Care Center of Oak Lawn	DCC	7	3.84	11	0	0.0%	62	93.9%	65	98.5%
Oak Meadows Dialysis	Davita	7	4.36	12	0	0.0%	-	0.0%	62	86.1%
Fresenius Medical Care Cicero	Fresenius	7	4.36	20	63	52.5%	101	84.2%	115	95.9%
RCG Garfield	Fresenius	6	4.55	22	106	80.3%	77	58.3%	88	66.5%
Dialysis Care Center Evergreen Park	DCC	7	4.56	14	0	0.0%	-	0.0%	74	88.1%
SAH Dialysis at 26th Street	Saint Anthony	6	4.58	15	41	45.6%	46	51.1%	52	58.2%
DaVita Marshall Square	Davita	6	4.62	12	0	0.0%	-	0.0%	63	87.5%
Fresenius Medical Care Summit	Fresenius	7	4.68	12	2	2.8%	40	55.6%	46	63.3%
Fresenius Medical Care Evergreen Park	Fresenius	7	4.73	30	0	0.0%	98	54.4%	164	91.1%
Davita Lawndale	Davita	6	4.79	16	94	97.9%	99	103.1%	99	103.1%
DaVita Cicero Dialysis	Davita	7	4.83	12	0	0.0%	-	0.0%	64	88.9%
Total				**413**	**1,189**	**48.0%**	**1,341**	**54.1%**	**2,007**	**81.0%**
Total Less Clinics Operational Less than 2 Years				**323**	**1,189**	**61.4%**	**1,326**	**68.4%**		

Attachment - 1

DaVita Home Dialysis

DaVita is committed to providing in-home care and DaVita supports patients in electing home dialysis by citing its many benefits. Benefits include:



Attachment - 2

DaVita Technology

DaVita invests in technology to support patients at home.

Home Remote Monitoring (HRM) uses Bluetooth-enabled devices to transmit vital patient data, which is risk-stratified and helps clinicians stay on top of potential outcome-impacting events for patients. Since its inception, 13,000 DaVita home dialysis patients have transmitted over 2 million data points to their care team, helping their team better manage their care and keep them on their home modality of choice.

Telehealth platform allows patients to schedule and participate in virtual appointments with their care team, instead of traveling to a center.

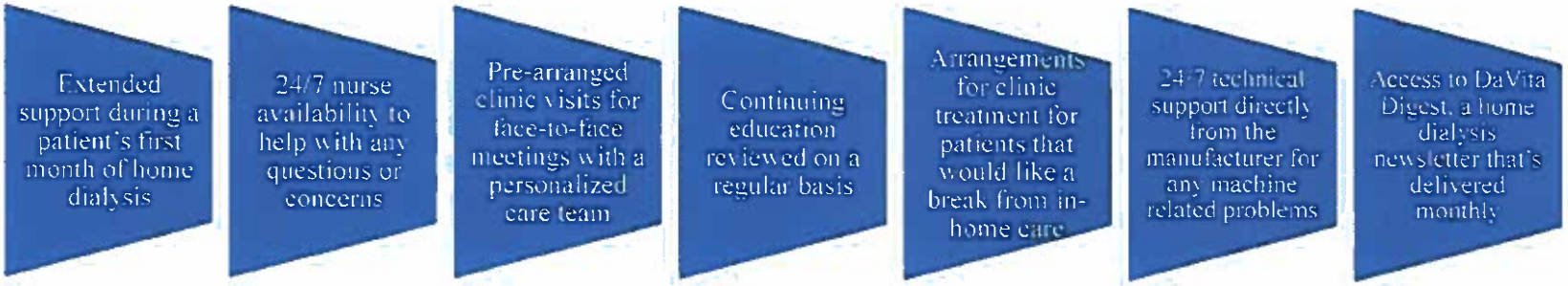
DaVita Care Connect is a mobile patient application that supports multi-way video visits, customized education, reminders, secure texting and image sharing – allowing consistent access to their care team.

Artificial Intelligence (AI/Predictive Analytics). DaVita uses AI and predictive analytics built with the largest home dialysis data set in the U.S> and consisting of millions of clinical notes to help identify patients who are at higher risk of hospitalization events, which often lead patients to leave peritoneal dialysis therapy. Predictions are built into center work flows, allowing nurses and care teams to intervene when necessary to help avoid hospitalizations and keep patients on their home modality of choice.

Health Management Navigator is a series of online interactive courses designed to train nurses to become comprehensive health managers for patients with diabetes, cardiovascular disease and hypertension. This helps DaVita care teams deliver the right interventions at the right time based on each patient's unique clinical needs while they treat at home.

DaVita Comprehensive Care Program

In support of home care, DaVita instituted a comprehensive care program. The program helps ensure patients have a smooth transition into home dialysis and that they are supported through the process.



The Comprehensive Care Program allows patients to work directly with a home dialysis nurse who provides education, tools and support including instruction on:

- **the proper use of equipment;**
- **how to create and maintain a hygienic environment;**
- **how to manage supplies;**
- **how to handle needles; and**
- **how to keep an organized log of treatments.**

DaVita provides a training model for nurses to become comprehensive health managers for patients with typical co-morbid conditions like diabetes, cardiovascular disease and hypertension; thus, improving patients' chances of continuing dialysis at home.

Attachment - 2

DaVita Transitional Care Units

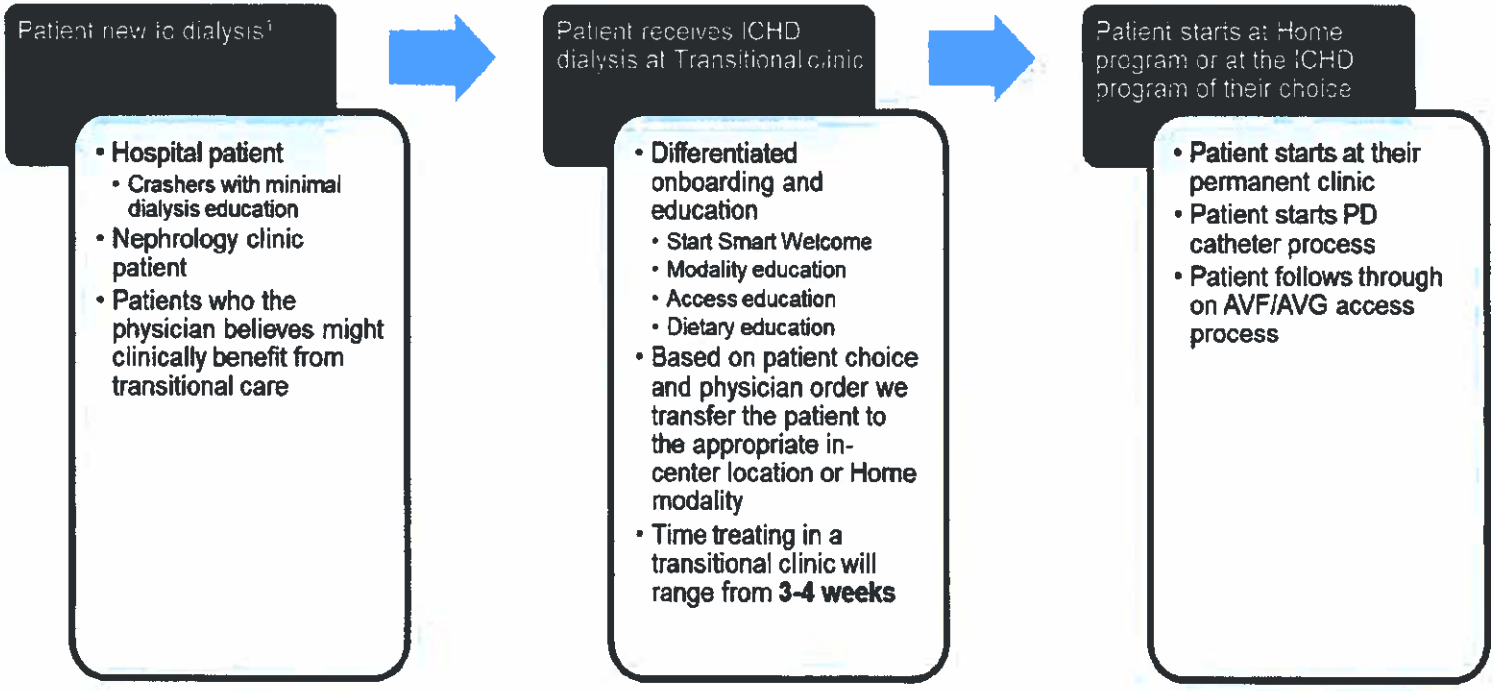
Transitional Care Units are dedicated or semi-dedicated dialysis clinical focused on improving outcomes for patients transitioning to dialysis.

- High-touch clinical support to **stabilize patient**
  - 20-30% lower hospitalization rates in first 90 days
  - Up to 40% lower mortality
- Home modality education to promote **modality choice**
  - Increase in underutilized modality therapy options (e.g., potential for 30-50% of patients choose PD or HHD therapy at end of 3-4 week program)
- Intensive **ESRD education** benefits for all patients (i.e., ICHD, PD, HHD)
  - Fewer missed treatments
  - Lower CVC rates

Attachment - 2

DaVita Transitional Care Units

Process impact on Admissions, Insurance, & Patient Concierge teams



1. Per physician order

Attachment - 2

DaVita Transitional Care Units

Example: 4-Week Transitional Education

Week 1: Stabilization

- Transition to dialysis
- Emotionally support patient, address questions / fears
- Meet with dietitian and social worker
- Create individualized plan for patient
- Engage family if possible

Week 2: Education

- General review of modality options
- Discuss clinical and quality of life outcomes by modality
- Complete modality selection assessment
- Diet education
- Missed tx education

Week 3: Exploration

- Deep-dive into modalities that patient is interested in (with home training team if interested in home modalities)
- Access education
- Transplant education

Week 4: Transition

- Final review of modality and access options
- Finalize access plan
- Refer patient to home training clinic or long-term ICHD clinic
- Refer to transplant center if appropriate

Note: Above high-touch education/engagement typically does require additional labor

Attachment - 2