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December 20, 2019

Via Hand Delivery
E-Mail

Courtney Avery
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Illinois Health Facilities & Services Review
Board
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HEALTH FACILITIES &
SERVICES REVIEW BOARD

**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.

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➤ **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.



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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

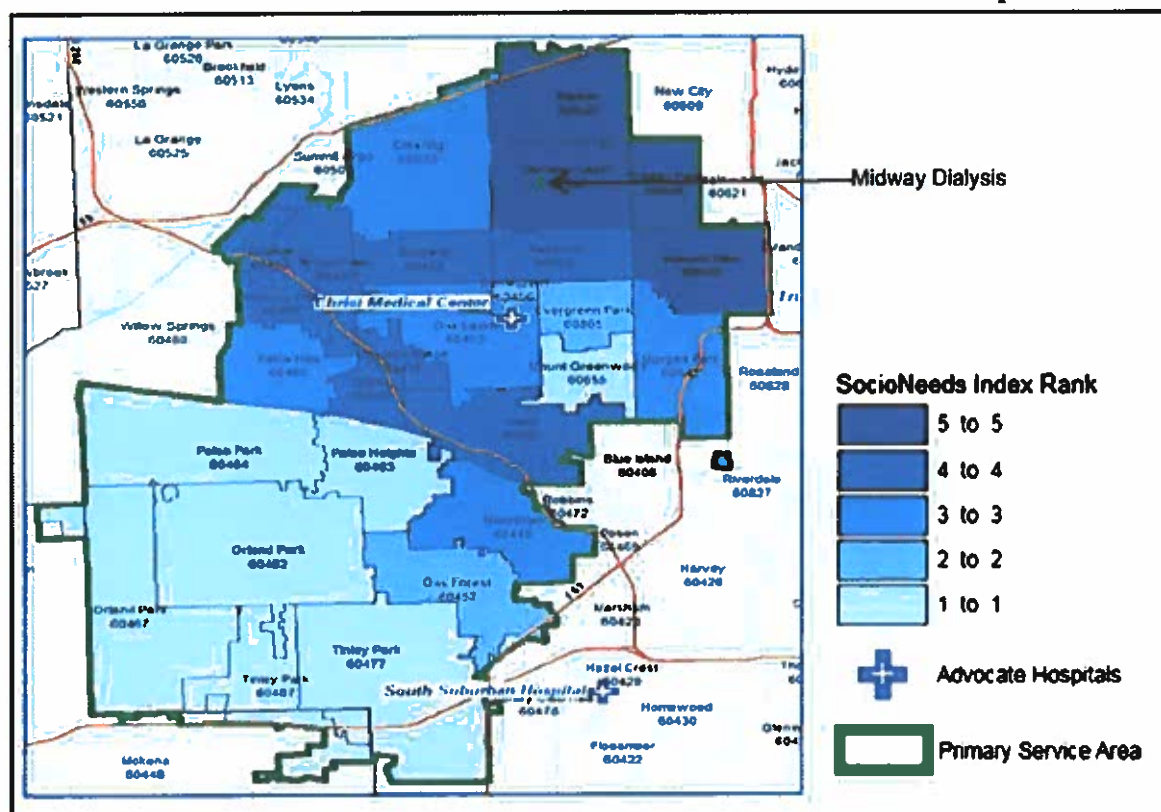
As a general matter, studies have found socioeconomic status greatly affects a person’s health status. Advocate Christ Medical Center is a key provider of hospital services for the Midway service area. In its most recent Community Health Needs Assessment 2014-2016 (“Community Health Assessment”), Advocate 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.

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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).



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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.



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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;



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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,

A handwritten signature in blue ink that reads "Anne M. Cooper".

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%		

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:



DaVita Technology

DaVita invests in technology to support patients at home.

Home Remote Monitoring	Telehealth	Artificial Intelligence	Health Management
(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.	platform allows patients to schedule and participate in virtual appointments with their care team, instead of traveling to a center.	(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.	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.

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



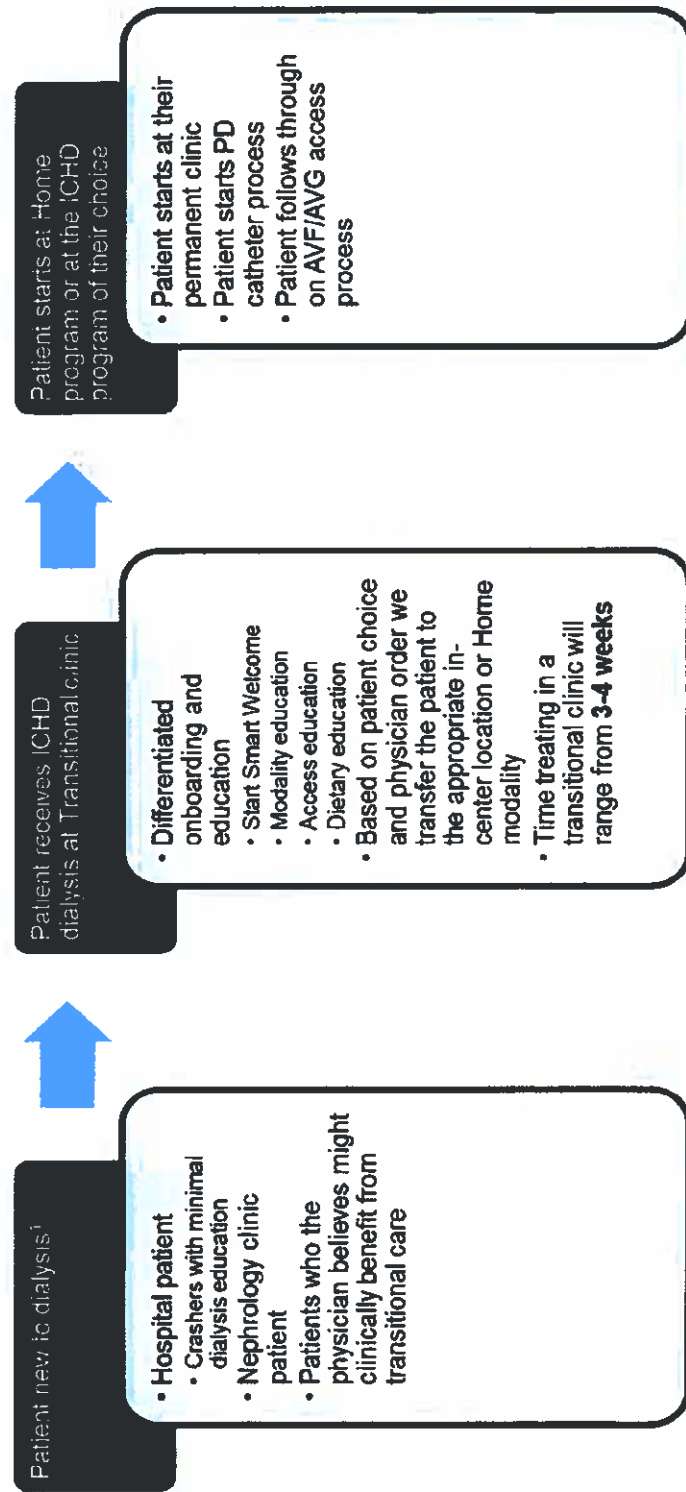
- **Home modality education to promote modality choice**
 - Increase in underutilized modality therapy options (e.g., potential for 30-50% of patients choose PD or HHD therapy at end of 3-4 week program)



- **Intensive ESRD education** benefits for all patients (i.e., ICHD, PD, HHD)
 - Fewer missed treatments
 - Lower CVC rates

DaVita Transitional Care Units

Process impact on Admissions, Insurance, & Patient Concierge teams



DaVita Transitional Care Units

Example: 4-Week Transitional Education



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