

Roate, George

From: Hylak-Reinholtz, Joseph J. [jhreinoltz@mcguirewoods.com]
Sent: Thursday, September 22, 2011 4:07 PM
To: Constantino, Mike
Cc: Roate, George; Avery, Courtney; Burke, Mark (x3610); Lunbeck, Rob (x3762); Khababa, Ishrag (x3657); BarronD@SatelliteHealth.com; Branson, Marc (x3613); Hylak-Reinholtz, Joseph J.; Riley, James B. Jr.; Clark, Jeffrey C.; Hernandez, Kim (x3623); DelBeneS@SatelliteHealth.com; KuminoffA@SatelliteHealth.com
Subject: CON Opposition Letter re Project 11-054 (Fresenius Medical Care Northfield)
Attachments: CON Opposition Letter re FMC Northfield (Project 11-054).pdf

Mike:

Please find attached a PDF copy of a letter submitted by Satellite Healthcare in opposition to Project 11-054 (Fresenius Medical Care Northfield). If you have any questions, please let me know. Thank you very much.

Regards,

Joseph Hylak-Reinholtz
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HEALTH FACILITIES &
SERVICES REVIEW BOARD

September 21, 2011

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

*RE: Fresenius Medical Care Northfield (CON Project 11-054)
Opposition Letter*

Dear Ms. Avery:

Satellite Dialysis of Glenview, LLC, and its parent company Satellite Healthcare, Inc., a nonprofit provider of dialysis services (collectively, "Satellite") submits this letter to respectfully request the Illinois Health Facilities and Services Review Board (the "Board") to support its proposal to establish a 16 station in-center dialysis facility in Glenview, Illinois (Project 11-061) and to oppose that of Fresenius Medical Care (Project 11-054) if prior approval of Project 11-054 has the potential to diminish the prospects for Board approval of Satellite's Project 11-061. The proposed Satellite facility will serve seniors living in Glenview and several nearby communities, including Wheeling, Prospect Heights, Mt. Prospect, Des Plaines, Park Ridge, Nilens, Morton Grove, Golf, Northbrook, Northfield, and Glencoe. The proposed facility is a natural outgrowth of our successful dedicated home-therapy "center of excellence", WellBound of Evanston (operating since 2007 in HSA 7), promising to bring Satellite's innovative, quality-focused approach to in-center dialysis to the local community as well.

However, as the Board may be aware, several applications for dialysis facilities in Health Service Area ("HSA") 7 are on the Board's October agenda. These applications were independently submitted to address the stated need of 8 dialysis stations in HSA 7, as such need is reported in the most recent inventory of services issued by the Board, and as such may be considered "competing" applications. *The applicants all agree, however, on one very important point—additional dialysis stations are needed in HSA 7. In particular, irrespective of whether any of the other HSA 7 dialysis facility proposals now pending are approved by the Board, Satellite's application can be independently justified by anticipated patient referrals.*

SATELLITE
DIALYSIS

SATELLITE
WELLBOUND

Satellite's CON application is one of the competing applications that will be considered by the Board this October. Satellite, however, believes that only one of the applications for HSA 7 is truly a competing application to its own—namely, that of Fresenius Medical Care Northfield (Project 11-054). The other Fresenius project located in Melrose Park (Project 11-057) and the two projects filed by U.S. Renal Care (Projects 11-024 and 11-026) are well outside of the service areas proposed by Satellite and Fresenius Northfield.

Satellite wants to ensure that the Board is fully informed before making a decision whether to grant a CON for either Fresenius or Satellite in the event that the Board may see a need for only one new dialysis facility in the Glenview—Northfield area. As a result, Satellite is compelled to submit this letter and have its concerns included in the official record associated with Project 11-054. Satellite respectfully requests the Board to give full consideration of its pending application before voting on potentially competing applications to ensure that the Board fully considers the options available for HSA 7 and the Glenview—Northfield area in particular.

For the reasons outlined below, Satellite firmly believes that it is the single best provider to meet the stated need for dialysis stations in HSA 7, and in order not to suffer from having its project considered after that of Fresenius Medical Care Northfield (Project 11-054) submits this letter of opposition to that CON application. The following points identify the benefits that will be gained if the Board approves Satellite's pending CON permit application and demonstrate why the Board should give a dialysis provider other than Fresenius a chance to serve dialysis patients in this part of Illinois.

(1) As a nonprofit entity, Satellite must answer exclusively to the community it serves, not profit-focused shareholders.

Satellite Healthcare, Inc., the parent company of Satellite Dialysis of Glenview, LLC, is one of the nation's first and leading nonprofit providers of dialysis services and kidney disease care. Satellite has been organized as a nonprofit, nonstock corporation in California since 1973. Because of Satellite's nonprofit, nonstock corporation status, it does not have stockholders or owners. Accordingly, Satellite does not distribute its profits or net income to persons or individuals who control the organization (such as officers, directors and shareholders); rather, the organization utilizes any profits to fund the mission for which it was formed.

Satellite is the only nonprofit provider among the competing CON applications in HSA 7. The other competing applications have all been filed by for-profit companies. The Board has a unique opportunity with Satellite's CON application. If the Board approves Project 11-061, the Board will be able to see first-hand the positive impact that a nonprofit-focused provider can bring to the community.

(2) Satellite is New to the Illinois Market and Presents a Welcome Alternative to Large Dialysis Companies.

Board members may not be familiar with Satellite, and that's because its CON permit application represents the nonprofit entity's first venture into Illinois' in-center dialysis facility market. Satellite's only Illinois-based presence is through its home dialysis program, which is located near to Glenview in Skokie, Illinois. Satellite, with its affiliated services Satellite WellBound, Satellite Dialysis and Satellite Research, provides early patient wellness education, personalized clinical services and a complete range of dialysis therapy choices for the patients it serves. The proposed facility will improve continuity of care for those patients already treated at WellBound, where those patients will be able to elect to continue to be treated by a local quality- and patient-focused nonprofit provider should they ever require a change in therapy to in-center hemodialysis.

Very importantly, the facility proposed by Satellite will provide area residents with an alternate choice for their dialysis care – a nonprofit provider that has been solely dedicated to serving the ESRD community for nearly 40 years and that has established a proven record of providing superior dialysis care. Of the eleven existing ESRD facilities closest to the proposed location of Satellite Dialysis of Glenview, 9 are owned by large-scale for-profit dialysis corporations (Fresenius and DaVita/DSI) and just 2 are "independent" providers. Highland Park Hospital (with 78% occupancy) is the only nonprofit dialysis provider within 30 minutes travel time of the proposed Glenview location (and Highland is located 25 minutes from the proposed Glenview location according to an independent travel-time study, as detailed in Satellite's CON Project Proposal).

In sum, Satellite will offer a new choice for area residents when the need arises to select a dialysis provider, a choice that will offer patients the opportunity to select a nonprofit provider dedicated to the community it serves and driven by delivering high-quality patient care rather than by maximizing profits.

(3) Satellite Openly Promotes Charity Care Benefits to its Patients.

As a nonprofit and as such having no shareholders, Satellite answers only to the local communities it serves, most particularly each facility's patients. Satellite's patient-centric philosophy will better serve the dialysis needs of area residents and also provide community benefits, including the delivery of charity care services to persons in need and chronic-kidney-disease-related education to the area's pre-ESRD community.

In 2010, Satellite voluntarily provided all patients the opportunity to be assessed for possible qualification for financial assistance. This was done in an effort to help reach more patients who were in need of assistance.

(4) Satellite Also Provides Other Important Community Benefits.

Satellite has a number of community benefit programs and activities that help it fulfill its charitable mission and provide direct benefits to its patients and the ESRD community as a whole. Satellite's community benefits program stretches across many areas of the ESRD community, including direct patient care, financial assistance for eligible patients and patient education and research as well as state and federal advocacy efforts to advance high-quality dialysis care.

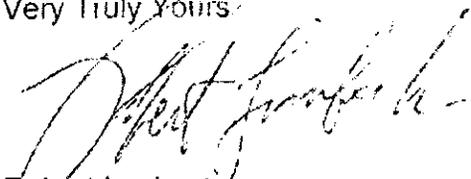
Satellite's community benefits program not only funds direct patient care for persons without health insurance, but provides benefits that affect the ESRD community as a whole. For example, Satellite funds the following efforts:

1. Research conducted through its internal Clinical Research Division (with an annual budget exceeding one million dollars) to improve the care of patients with ESRD. Satellite publishes and presents at industry conferences its findings, which benefit all patients on dialysis or all patients progressing to kidney failure.
2. The Norman S. Coplon Extramural Grant Program, which provides financial grants to support private research efforts focused on chronic kidney disease. As of 2010, nearly ten million dollars has been granted since inception, supporting more than 40 research projects in the United States and Canada.
3. The Hans Wolf Fellowship Program, which provides funding for a selected Stanford University Medical Center Nephrology Fellow whose focus is related to CKD or ESRD.
4. Optimal Start® – a program focusing on the first 90 days of dialysis care to ensure that new dialysis patients understand the importance of dialysis treatment and are educated on related health conditions prevalent in ESRD patients.
5. Better Life™ Wellness Education and Dialysis Options Education programs to educate the community about ESRD and CKD. Satellite provides these programs at no charge. Such programs are generally not provided by the nephrology community or by other dialysis providers.
6. Significant support of the National Kidney Foundation and the American Kidney Fund, with annual grant support to these institutions of approximately one million dollars.

Once again, I strongly encourage the Board to approve the proposed 16-station dialysis facility submitted by Satellite (Project 11-061). Satellite believes that its proposal is a breath of fresh air in a market presently dominated by for-profit companies like Fresenius. Please consider what Satellite's proposal has to offer before making any decision on the competing applications so that the Board can fully appreciate what Satellite, as one of the nation's oldest nonprofit providers of dialysis care, can do for dialysis patients in Illinois. On behalf of Satellite, I respectfully request the Board's approval for Project 11-061 and if necessary, the Board's rejection of Fresenius's proposed facility in Northfield, Illinois.

I appreciate your time and consideration.

Very Truly Yours,



Robert Lunbeck
Vice President, Business Development
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