

Hills, Bonnie

From: Bhuvan Chawla [B.Chawla@esunhealth.com]
Sent: Monday, October 22, 2012 6:10 AM
To: Constantino, Mike
Cc: Hills, Bonnie
Subject: Project 12-059: US Renal Plainfield Dialysis
Attachments: US Renal Plainfield SAR.doc

Mr. Constantino / Ms.Hills,

Please find attached my comments on this project after review of the SAR.
Please acknowledge receipt.

Thank you,
Bhuvan Chawla, M.D.
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815.744.9300

Mr. Dale Galassie
Chairman
Illinois Health Facilities and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761
October 21, 2012

**Re: State Agency Report
Project No. 12-059: US Renal Care Plainfield Dialysis**

Dear Chairman Galassie:

I would urge the Board to review my letter of opposition and to consider the following additional information after review of the SAR.

Absence of Need:

The State Agency Report corroborates my letter of opposition, ie. that this project is unneeded and will cause unnecessary duplication of service/maldistribution.

The SAR notes that there is an excess of 47 stations in HAS-IX. The August 24, 2012 updated inventory of ESRD stations projects a surplus of 85 stations by 2018.

The SAR also states that 50% (5 of 10) of the facilities within 30 minutes are below target occupancy with an average occupancy of 62.88%. The Applicant has incorrectly chosen to disqualify the 11th facility (Fresenius Joliet) within 30 minutes based on a reported adjusted drive time of 32.2 minutes, and the SAR seems to have accepted this at face value.

Fresenius Joliet is a brand new facility with 16 stations and 0 patients; it can accommodate 77 patients before reaching 80% occupancy. In my earlier letter, I had challenged the Applicant's proposed exclusion of this facility while, at the same time, it proposes to refer a number of patients from that very same zip code (60432) to its proposed Plainfield facility. This simply makes no sense. Thus the Applicant seems to be willing to have these very patients drive 32 minutes in the opposite direction to its proposed Plainfield facility but would conveniently like to exclude Fresenius Joliet from utilization statistics.

Thus, this project will **actually worsen access** for some of the listed pre-ESRD patients, and will also **exacerbate duplication and maldistribution**, as it seeks to divert many patients away from their closest facility. This issue been addressed in greater detail in my earlier letter of opposition.

Furthermore, as pointed out in my original letter of opposition, the Applicant appears to have listed many of the same patients twice to justify need

for two separate CON applications, namely US Renal Lemont and US Renal Plainfield. This would appear to contradict the sworn statements made by the physician partners of these two projects.

Criterion 1110.230(c) - Alternatives:

The Applicant has chosen to ignore the most logical alternative, which is to use existing facilities with available capacity. Sun Health remains a viable alternative, and would welcome the opportunity for collaboration to serve our community while avoiding duplication and maldistribution. This is a no-cost alternative, worthy of serious consideration. Perhaps the Board should encourage the Applicant to explore this option in good faith. On behalf of Sun Health, I would once again like to invite Dr. Nagarkatte and her group to refer their patients to Sun Health and also to take privileges at Sun Health so that they can continue to care for them.

The Applicant also dismisses the option of a joint venture with another provider on the grounds that this would negate its proven business model, and/or compromise the benefits realized by patients of US Renal Care. Yet, it had no qualms about forming a joint venture with the listed referring physicians for this CON application.

Criterion 1110.234(b) - Project Services Utilization:

Northeast Nephrology Consultants initially lists 50 potential patients, subsequently increased to 65 patients for referral to this facility, and lists 80 patients for referral to US Renal Lemont.

This group states that it referred 86 patients for dialysis in 2011, which would potentially translate into 172 patients over 2 years. Thus, this physician group proposes to refer 145 new patients, or 74% of its future new patients away from preexisting facilities and only 27 new patients over the next two years to preexisting facilities being utilized by this group practice. These same facilities will likely see an annual patient attrition rate of 15-20%, which even at the group's stated 15% attrition rate translates into 35 patients/year or 70 patients over 2 years.

The group's census at these preexisting facilities would drop by 43 from 231 patients to 188, a drop of 18.6%. Yet the Applicant would have the Board believe that this project will have minimal impact on preexisting facilities.

I would also like to call the Board's attention to the fact that the number of dialysis patients treated by this group reportedly dropped from 298 in 2010 to 283 in 2011. The group reports having treated 231 patients through the 1st quarter of 2012. The listed distribution of these 231 patients is:

Deerbrook Nursing Home	5
Fairview Nursing Home	5
Home dialysis	11
Fresenius Plainfield	5
Davita (Silver Cross) West	109
Davita (Silver Cross) New Lenox	80
Davita (Silver Cross) Morris	17

Much of the adverse impact from this proposed project will fall on Davita (Silver Cross) Joliet. Morris makes up a small part of the practice and is a greater distance away.

In center dialysis center census may actually drop further with increased use of home dialysis and nursing home based dialysis – these modalities currently seems to comprise 11% of this group's practice.

Criterion 1110.1430(c): Access and Duplication/Maldistribution

The SAR finds that this Application does not improve access, and may cause duplication and maldistribution.

Adverse Impact:

This project will have an adverse impact on various facilities in the area, contrary to the Applicants attempt to minimize this. This Applicant is certainly aware that dialysis facilities can lose up to 15-20% of their patients each year to renal recovery, renal transplant, patient relocation or death.

The difference between the 231 patients being treated by this group in the 1st quarter of 2012 and the 283 treated in 2011, ie. 52, is an indicator of attrition, which would appear to be closer to 18% rather than the 15% listed, and which could become even higher with the push towards home dialysis, and nursing home based dialysis.

Existing facilities thus do require access to new patients, and the Applicant cannot in good faith sequester new pre-ESRD patients for its own proposed project and then claim that there would be minimal adverse impact on other providers.

Letters:

The SAR has highlighted a number of letters, but not the ones from Sun Health and from Fresenius. I would like to draw the Board's attention to them.

Conclusion:

I would like to applaud the Board's decision to issue its Intent to Deny to a similar unneeded project in the same community last month (Project # 12-047 Fresenius Plainfield North).

I would humbly urge the Board accept the findings of its own State Agency Report, and to reject this application because it is unneeded, and will result in duplication and maldistribution.

Respectively submitted,

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