



Fresenius Medical Care

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AUG 26 2013

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

August 23, 2013

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

**Re: Supplemental Information
Project #13-004, Fresenius Medical Care South Elgin**

Dear Ms. Avery,

The enclosed pages contain supplemental information in response to the Intent to Deny given to the above mentioned project at the June 26, 2013 meeting.

Thank you for your time and consideration of this information.

Sincerely,

Lori Wright
Senior CON Specialist

cc: Clare Ranalli

**SUPPLEMENTAL INFORMATION FOR
#13-004 Fresenius Medical Care South Elgin**

In response to the Intent to Deny issued to project #13-004 at the June 26, 2013 meeting, Fresenius Medical Care is submitting this additional information, and respectfully requests the Board reconsider its prior Intent to Deny.

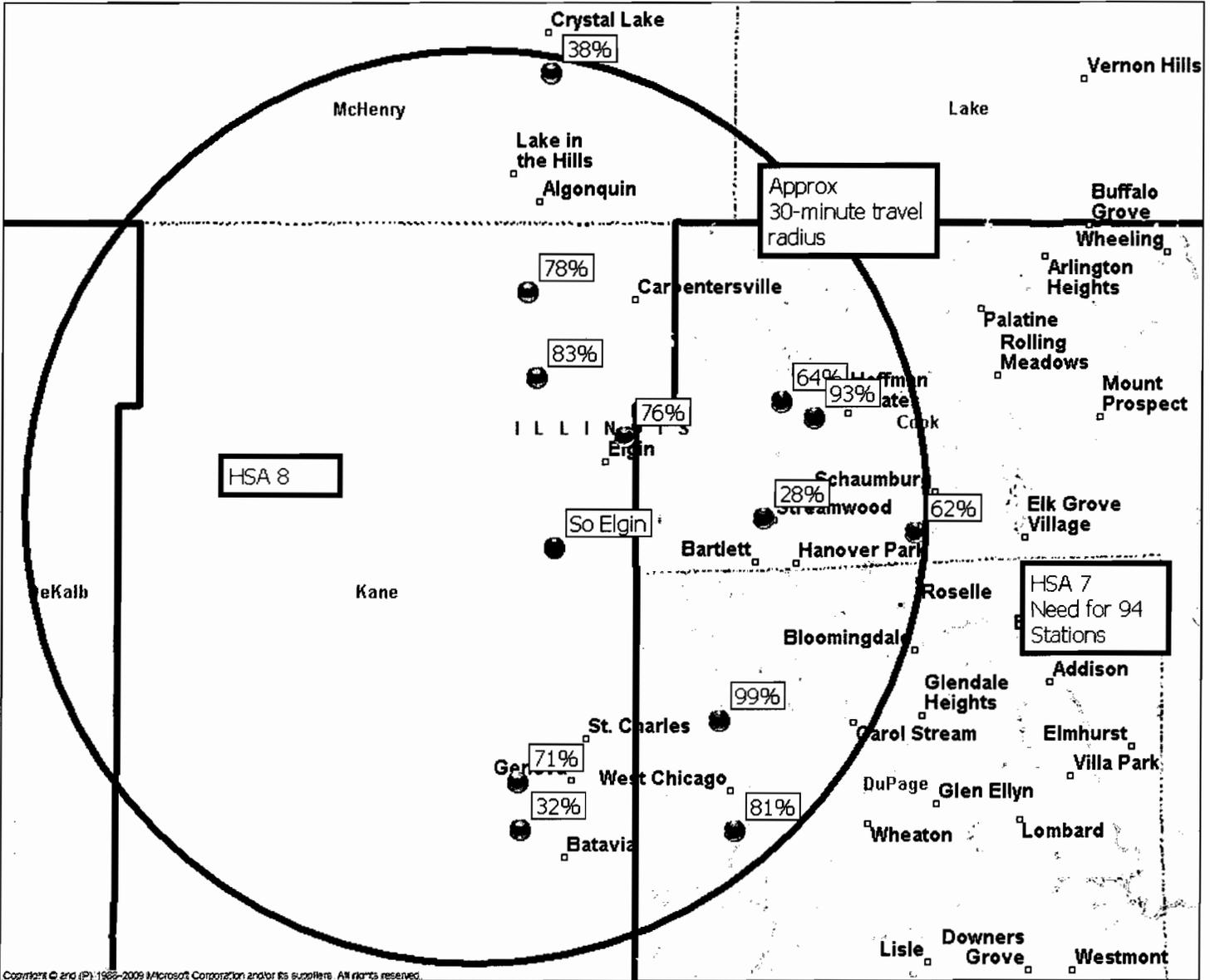
Since this project was heard in June, the current Fresenius Elgin clinic, as expected, has surpassed 80%. This facility has been in operation just over two years and hit the Board's utilization target right on schedule. When this project was heard there were some facilities within 30 minutes that had capacity. Those within proximity to the proposed clinic are Fresenius Elgin which was at 60% when the Board voted an Intent to Deny *but is now at 83%*. Another is Tri Cities Dialysis at 75% and the last was DaVita Cobblestone at 79%. Of the remaining clinics, most are above 75% except USRC Streamwood which just began treating patients and is in the two year ramp up period as is Fresenius West Batavia. DaVita Schaumburg just added six stations to address high utilization, which caused its utilization to temporarily dip. It is now at 59%, ARA Crystal Lake has capacity but is 30 minutes away. In sum, there is little to no capacity in the 30-minute treatment area for the 103 pre ESRD patients identified by Dr. Rosner. While it is true there is an excess of 28 stations in HSA VIII, the proposed South Elgin facility is right on the border of HSA VII. Since the HFSRB last heard this project and voted an intent to deny, the new inventory was published and the need for dialysis stations in HSA VII has increased by 54, to 94 stations. The South Elgin facility, if approved, will not be operational for approximately 18 months from permit date. Utilization at USRC Streamwood, Fresenius West Batavia and DaVita Schaumburg will be significantly higher by that time.

The ratio of stations to population within 30 minutes of the proposed South Elgin site is 1/7,904 while the State ratio, as of August 2013 is 1/3,142. According to maldistribution criteria, this ratio disparity demonstrates a need for additional access in the Elgin market most likely given its proximity to HSA VII. HSA VIII is largely rural; however cities like Elgin that collar HSA VII (the Chicago metropolitan area) share the characteristics of HSA VII's more densely populated urban demographics and higher rates of ESRD.

The growing Hispanic population in this area contributes to the rise in the incidence of end stage renal disease (ESRD). As stated in the application for this project, the Elgin market's Latino residents nearly doubled in the past decade, and as of 2010 comprised 37% of area residents. People of Latino descent are twice as likely to have diabetes, the number one cause of kidney disease, as non-Latino whites of similar age.

In addition, over 20% of the patients we currently serve at our Elgin facility are Medicaid recipients. We believe the South Elgin Clinic will have a similar payer mix. Fresenius provides access to all individuals regardless of payer source and accepts all patients regardless of ability to pay. Specially trained staff work diligently with each patient to assure coverage since nearly all ESRD patients have the ability to secure some type of coverage.

The map below illustrates the 30-minute travel zone surrounding South Elgin including clinics and utilization. The proposed site is only 2.5 miles from the border of HSA VII where there is a need for 94 stations. There are no clinics to the west of Elgin in Kane County.



Additionally, over half of the facilities within 30 minutes are over ten miles away and between 20 and 30 minutes away.

Five facilities are at 80% utilization and 2 are just under 80%. One facility that is underutilized, ARA Crystal Lake, is 30 minutes away and is not in the healthcare services market for Elgin patients.

We respectfully ask the Board to reconsider its prior decision based on the following:

- 1) Utilization at area clinics shows no capacity, and the Fresenius Elgin Clinic is over target utilization now;
- 2) DaVita Schaumburg recently opened 6 additional stations to address over utilization and due to historic growth is expected to climb beyond 80% within 12-18 months;
- 3) Two of the “underutilized” clinics (USR Streamwood & Fresenius West Batavia) have been operating less than 2 years, and are still in the ramp up phase and should be at 80% or above when the proposed South Elgin clinic opens;
- 4) One of the clinics with capacity (ARA Crystal Lake) is 30 minutes away and in real drive time probably more like 40 minutes;
- 5) The City of Elgin has seen significant growth in its Latino population, sits on the border of HSA VII where there is a need for 94 stations (higher than when the project received an Intent to Deny);
- 6) The ratio of stations to population exhibits a need for additional access; and
- 7) This clinic will provide access to a high number of patients on Medicaid.

We thank Board members and staff for their time and consideration of this additional information.