



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: I-01	BOARD MEETING: July 24, 2018	PROJECT NO: 17-013	PROJECT COST:
FACILITY NAME: Geneva Crossing Dialysis		CITY: Carol Stream	Original: \$2,702,014
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (DaVita Inc., DuPage Medical Group, Ltd., and Rockwood Dialysis, LLC) propose to establish a 12-station ESRD facility in 6,240 GSF of leased space located at 540 - 560 South Schmale Road, Carol Stream, Illinois. The cost of the project is \$2,702,014 and the completion date is July 31, 2020.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (DaVita Inc., DuPage Medical Group, Ltd., and Rockwood Dialysis, LLC) propose to establish a 12-station ESRD facility in 6,240 GSF of leased space located at 540 - 560 South Schmale Road, Carol Stream, Illinois. The cost of the project is \$2,702,014 and the completion date is July 31, 2020.
- This application for permit received Intent to Deny at the September 2017 State Board Meeting. **No additional information** was submitted by the Applicants to address the Intent to Deny within the required timeframe.
- Subsequently, this Application was deferred from the November 2017, January 2018, February 2018, April 2018 and the June 2018 State Board Meetings. State Board rule allows an Applicant that receives an Intent to Deny to defer a project up to 12-months from the date of the Intent to Deny [77 ILAC 1130.640 (c) (2)]
- On June 15, 2018 the Applicants modified the project by providing revised zip code and population information that increased the population of the 30-minute service area provided in the Original Application for Permit. The State Board Staff review of the revised 30-minute service area confirmed the Applicants contention that the original submittal was incorrect. The State Board Staff had relied upon the zip code and population information that was provided in the Original Application for Permit to reach the conclusion that there was a surplus of ESRD stations in the 30-minute service area. The original submittal had used a 10-mile radius to determine the population instead of a 30-minute radius.
- The Original State Board Staff Report, the transcripts from the September 2017 Meeting and the additional information has been included as a separate attachment to this report.

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]
- As part of the Illinois Health Care Facilities Plan Section 77 ILAC 1100.410 states that *“Health care services should be appropriately located to best meet the needs of the population. Illinois residents needing services should not be forced to travel excessive distances. Where feasible, underutilized services should be consolidated to promote efficiency of operation and quality when such consolidation does not create access problems.”*

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but none was requested. Support and opposition comments were received as well as comments on the September 2017 Original State Board Staff Report. [See Appendix I]

SUMMARY:

- There is a calculated need for 25 ESRD stations in the HSA VII ESRD Planning Area, per the June 2018 ESRD Inventory Update.

- It appears that the Applicants will be providing services to residents of the planning area, and based upon the number of physician referrals there appears to be sufficient demand for the number of stations requested.
- There are 15 facilities within 30-minutes with an average utilization of approximately 63%. One of the 15 facilities is in ramp-up (FMC Schaumburg), one facility was approved at the June 2018 State Board Meeting (DaVita Salt Creek Dialysis) and one facility did not provide first quarter 2018 Utilization information (Nocturnal Dialysis Spa). The 12 remaining facilities the average utilization is approximately 75%.
- The Applicants have addressed a total of 21 criteria and have successfully addressed them all.

**Supplemental
STATE BOARD STAFF REPORT
Project #17-013
Geneva Crossing Dialysis**

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants(s)	DaVita Inc., DuPage Medical Group, Ltd., and Rockwood Dialysis, LLC
Facility Name	Geneva Crossing Dialysis
Location	540 - 560 South Schmale Road, Carol Stream, Illinois
Permit Holder	DaVita Inc., DuPage Medical Group, Ltd., and Rockwood Dialysis, LLC
Operating Entity	Rockwood Dialysis, LLC
Owner of Site	T Geneva Crossing IL, LLC
Description	Establish a twelve (12) station ESRD facility
Total GSF	6,240 GSF
Application Received	March 28, 2017
Application Deemed Complete	March 29, 2017
Review Period Ends	July 27, 2017
Intent to Deny	September 26, 2017
Financial Commitment Date	July 24, 2020
Project Completion Date	July 31, 2020
Can the Applicants request a deferral?	No

I. Project Description

The Applicants (DaVita Inc., DuPage Medical Group, Ltd., and Rockwood Dialysis, LLC) propose to establish a 12 station ESRD facility in 6,240 GSF of leased space located at 540 - 560 South Schmale Road, Carol Stream, Illinois. The cost of the project is \$2,702,014 and the completion date is July 31, 2020.

II. Summary of Findings

- A. State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The Applicants are DaVita Inc., DuPage Medical Group, Ltd., and Rockwood Dialysis, LLC. DaVita Inc, a Fortune 500 company, is the parent company of DaVita Kidney Care and HealthCare Partners, a DaVita Medical Group. DaVita Kidney Care 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 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.

DuPage Medical Group, Ltd. (DMG, Ltd.) is a multi-specialty physician practice that provides a broad range of outpatient services. The main office is in Downers Grove, Illinois, with 66 satellite offices throughout the western suburbs of Chicago, predominantly DuPage County, Illinois. DMG, Ltd. was incorporated as a medical corporation in the state of Illinois in July 1968 and is a for-profit, taxable corporation. DMG, Ltd. has 479 physicians, of which 396 are shareholders, as of December 31, 2015.

Rockwood Dialysis LLC d/b/a Geneva Crossing Dialysis is a Delaware limited liability corporation jointly owned by DaVita, Inc. and DuPage Medical Group, Ltd.

Financial commitment will occur after permit issuance. This project is a substantive project subject to a Part 1110 and 1120 review.

IV. Project Costs and Sources of Funds

The Applicants are funding the project with cash of \$1,983,174 and the FMV of leased space of \$718,840. The operating deficit and start-up costs are \$2,386,355.

TABLE ONE
Project Costs and Sources of Funds

	Reviewable	Total	% of Total Cost
New Construction	\$1,055,500	\$1,055,500	39.09%
Contingencies	\$158,300	\$158,300	5.85%
Architectural and Engineering Fees	\$123,000	\$123,000	4.55%
Consulting and Other Fees	\$117,079	\$117,079	4.33%
Movable or Other Equipment	\$529,295	\$529,295	19.58%
FMV of Leased Space	\$718,840	\$718,840	26.60%
Total	\$2,702,014	\$2,702,014	100.00%
Cash		\$1,983,174	73.40%
FMV of Leased Space		\$718,840	26.60%
Total		\$2,702,014	100.00%

V. Health Planning Area

The proposed facility will be located in the HSA VII ESRD Planning Area. The HSA VII ESRD Planning Area includes Suburban Cook and DuPage County. As of June 2018 there is a calculated need for 25 ESRD stations in this ESRD planning area. As can be seen by the Table One below the State Board is projecting an increase in the population in this ESRD Planning Area of 1.22% and an increase in the number of dialysis patients of approximately 28% for the period 2015 thru 2020.

The five-year need determination is a short-term assessment that applies to the planning area need requirements in the 77 Ill. Adm. Code 1110 category of service review criteria. The in-center hemodialysis or end stage renal disease (ESRD) station need is a five year projection from the base year. The need for additional treatment stations is projected utilizing the following methodology. [77 ILAC 1100.630 - In-Center Hemodialysis Category of Service]

TABLE ONE	
Need Methodology HSA VII ESRD Planning Area	
Planning Area Population – 2015	3,466,100
In Station ESRD patients -2015	5,163
Area Use Rate 2013 ⁽¹⁾	1.472
Planning Area Population – 2020 (Est.)	3,508,600
Projected Patients – 2020 ⁽²⁾	5,163
Adjustment	1.33x
Patients Adjusted	6,590
Projected Treatments – 2020 ⁽³⁾	1,071,219
Existing Stations	1,405
Stations Needed-2018	1,430
Number of Stations Needed	25
<ol style="list-style-type: none"> 1. Usage rate determined by dividing the number of in-station ESRD patients in the planning area by the 2015 – planning area population per thousand. 2. Projected patients calculated by taking the 2020 projected population per thousand x the area use rate. Projected patients are increased by 1.33 for the total projected patients. 3. Projected treatments are the number of patients adjusted x 156 treatments per year per patient 	

VI. In-Center Hemodialysis Projects

A) Criterion 1110.1430 (c) - Planning Area Need

To demonstrate compliance with this criterion the Applicants must document that the number of stations to be established or added is necessary to serve the planning area's population.

1) 77 Ill. Adm. Code 1100 (Formula Calculation)

To demonstrate compliance with this sub-criterion the Applicants must document that the number of stations to be established is in conformance with the projected station need.

There is a calculated need for 25 ESRD stations in the HSA VII ESRD Planning Area per the June 2018 Revised Station Need Determinations.

2) Service to Planning Area Residents

To demonstrate compliance with this sub-criterion the Applicants must document that the primary purpose is to serve the residents of the planning area.

The Applicants have stated the primary purpose of the proposed project is to maintain access to life-sustaining dialysis services to the residents of the greater Carol Stream area. One hundred ninety-four (194) pre-ESRD patients reside within two ZIP codes (Carol Stream 60188 (37 patients) and Wheaton 60187 (27 patients) and all within 10 minutes of the proposed facility. The Applicants are projecting 64 patients by the second year after project completion. It would appear that the proposed facility will provide dialysis services to the residents of the planning area.

3) Service Demand – Establishment of In-Center Hemodialysis Service

To demonstrate compliance with this sub-criterion the Applicants must document that there is sufficient demand to justify the twelve stations being proposed.

The Applicants submitted one referral letter for four different projects. For each project different patients were identified by zip code of residence that the Applicants believe will utilize the proposed facility. Per the referral letter Drs. Barakat, Delaney, Mataria, Rawal, Samad, and Shah, treated 60 end stage renal disease ("ESRD") patients in 2013, 55 ESRD patients in 2014, 107 ESRD patients in 2015, and 105 ESRD patients in 2016. The physicians referred 37 new patients for in-center hemodialysis in 2015 and 31 new patients in 2016. According to the referral letter DuPage Medical Group, Ltd. currently has 3,529 pre-ESRD patients that have chronic renal disease Stage 3, Stage 4 and Stage 5.

**TABLE THREE
Historical Referrals**

	2013	2014	2015	2016
Mount Greenwood	52	54	53	63
Hazel Crest Renal Center			1	1
Olympia Fields Dialysis	2	2	4	5
Palos Park Dialysis	4	7	8	6
Stony Creek Dialysis	2	4	6	9
FMC Alsip			12	4
FMC Blue Island			10	5
FMC Burbank			9	8
Fresenius Mokena			2	0
FMC Orland Park				1
Kidney and Hypertension Associates			3	1
	60	67	105	102

1. Kidney and Hypertension Associates referrals were not accepted for 2015 and 2016 because the facility is not a certified ESRD facility.

**TABLE FOUR
New Referrals**

	2015	2016
Mount Greenwood Dialysis	23	18
Hazel Crest Renal Center	2	1
Olympia Fields Dialysis	4	1
Palos Park Dialysis	4	4
Stony Creek Dialysis	4	5
Renal Center New Lenox		2
Total	37	31

Projected Referrals require the following information:

- i) The physician's total number of patients (by facility and zip code of residence) who have received care at existing facilities located in the area, as reported to The Renal Network at the end of the year for the most recent three years and the end of the most recent quarter;

- ii) The number of new patients (by facility and zip code of residence) located in the area, as reported to The Renal Network, that the physician referred for in-center hemodialysis for the most recent year;
- iii) An estimated number of patients (transfers from existing facilities and pre-ESRD, as well as respective zip codes of residence) that the physician will refer annually to the applicant's facility within a 24-month period after project completion, based upon the physician's practice experience. The anticipated number of referrals cannot exceed the physician's documented historical caseload;
- iv) An estimated number of existing patients who are not expected to continue requiring in-center hemodialysis services due to a change in health status (e.g., the patients received kidney transplants or expired);
- v) The physician's notarized signature, the typed or printed name of the physician, the physician's office address and the physician's specialty;
- vi) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services; and
- vii) Each referral letter shall contain a statement attesting that the information submitted is true and correct, to the best of the physician's belief.

The Applicants provided the necessary information at pages 154-173 of the application for permit. From the referral letter it appears that there is sufficient demand (patient population) to justify the proposed number of stations (12) being requested by this application for permit.

5) Service Accessibility

To demonstrated compliance with this sub-criterion the Applicants must document that 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 must document one of the following:

- 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;
 - iv) For purposes of this subsection (c) (5) only, all services within the 30-- minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.
1. There is no absence of the proposed service within the planning area as there are 78 existing dialysis facilities in the HSA VII ESRD Planning Area.
 2. There has been no evidence of the access limitations due to payor status of patients.
 3. There has been no evidence of restrictive admission policies of existing providers.
 4. There has been no evidence that the area population and existing care system exhibits indicators of medical care problems.
 5. There are 15 facilities within 30-minutes with an average utilization of approximately 63%. One of the 15 facilities is in ramp-up (FMC Schaumburg), one facility was approved at the June 2018 State Board Meeting (DaVita Salt

Creek Dialysis) and one facility did not provide first quarter 2018 Utilization information (Nocturnal Dialysis Spa). The 12 remaining facilities the average utilization is approximately 75%. State Board Staff notes the 12 existing facilities have been in operation over two years from project completion. At the time of approval of these 12 facilities by the State Board these existing 12 facilities attested “*by the second year of operation after the project completion, the applicant will achieve and maintain the utilization standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal; 77 ILAC 1110.1430 (k) - Assurances*”

There is a calculated need for 25 ESRD stations in the HSA-VII ESRD planning area. Based upon this calculated need it appears the ESRD stations are warranted.

Facility	City	County	HSA	Stations (1)	Adjusted Time (2)	Utilization (3)	Star Rating (4)	Met Standard?
FMC - Glendale Heights	Glendale Heights	DuPage	7	29	6.9	72.41%	5	No
Fresenius Medical Care of West Chicago	West Chicago	DuPage	7	12	13.8	83.33%	5	Yes
Fresenius Medical Care Lombard	Lombard	DuPage	7	12	18.4	68.06%	4	No
FMC - Central DuPage	West Chicago	DuPage	7	16	20.7	68.75%	5	No
U.S. Renal Care Villa Park Dialysis	Villa Park	DuPage	7	13	24.15	89.74%	4	Yes
FMC - Elk Grove	Elk Grove Village	Suburban Cook	7	28	25.3	80.95%	4	Yes
Fresenius Medical Care of Naperville-North	Naperville	DuPage	7	14	26.45	61.11%	3	No
USRC Streamwood Dialysis	Streamwood	Cook	7	13	26.45	60.26%	3	No
USRC Oak Brook Dialysis	Downers Grove	DuPage	7	13	27.6	80.77%	2	Yes
FMC - Downers Grove Dialysis Center	Downers Grove	DuPage	7	19	28.75	66.67%	3	No
FMC - Rolling Meadows	Rolling Meadows	Suburban Cook	7	24	29.9	86.11%	4	Yes
				193		74.38%		
DaVita Salt Creek Dialysis	Villa Park	DuPage	7	12	20.7	0.00%	NA	
Nocturnal Dialysis Spa	Villa Park	DuPage	7	12	24.15	0.00%	NA	
Schaumburg Renal Center	Schaumburg	Suburban Cook	7	22	24.15	56.82%	5	No
				239		62.50%		

1. Number of Stations as of June 2018
2. Adjusted Time per 77 IAC 1100.510 (d) prior to March 7, 2018
3. Utilization as of March 31, 2018
4. Star Rating from the Medicare ESRD Compare Website
5. NA – Not Available

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.1430 (c) (1) (2) (3) and (5))

B) Criterion 1110.1430 (d) - Unnecessary Duplication/Mal-distribution

To demonstrate compliance with this criterion the Applicants must document that the proposed project will not result in

1. An unnecessary duplication of service
 2. A mal-distribution of service
 3. An impact on other area providers
1. To determine if there is an unnecessary duplication of service the State Board identifies all facilities within 30-minutes and determines if there is existing capacity to accommodate the demand identified in the application for permit. There are 15 facilities within 30-minutes with an average utilization of approximately 63%. One of the 15 facilities is in ramp-up (FMC Schaumburg), one facility was approved at the April 2018 State Board Meeting (DaVita Salt Creek Dialysis) and one facility did not provide first quarter 2018 Utilization information (Nocturnal Dialysis Spa). The 12 remaining facilities the average utilization is approximately 75%.
 2. To determine a mal-distribution (i.e. surplus) of stations in the 30 - minute service area the State Board compares the ratio of the number of stations per population in the 30-minute service area to the ratio of the number of stations in the State of Illinois to the population in the State of Illinois. To determine a surplus of stations the number of stations per resident in the thirty - minute service area must be 1.5 times the number of stations per resident in the State of Illinois.

	Population	Stations	Ratio
30-minute Service Area	1,515,547	239	1 Station per every 6,347 residents
State of Illinois (2015 est.)	12,978,800	4,818	1 Station per every 2,694 residents

The population in the 30-minute service area is 1,515,547 residents. The number of stations in the 30-minute service area is 239. The ratio of stations to population is one station per every 6,347 resident. The number of stations in the State of Illinois is 4,818 stations (*as of June 2018*). The 2015 estimated population in the State of Illinois is 12,978,800 residents (*Illinois Department of Public Health Office of Health Informatics Illinois Center for Health Statistics -2014 Edition*). The ratio of stations to population in the State of Illinois is one station per every 2,694 resident. To have a surplus of stations in this 30- minute service area the number of stations per population would need to be one station per every 1,796 resident. Based upon this methodology there is not a surplus of stations in this service area.

3. The Applicants stated the following regarding the impact on other facilities.
“The proposed dialysis facility will not have an adverse impact on existing facilities in the GSA. As discussed throughout this application, the utilization of ICHD facilities operating for over 2 years and within 30 - minutes of the proposed Geneva Crossing Dialysis is 70.7%. However, within a 20 min GSA, the utilization spikes to 77.0%. A total of 861 in-center hemodialysis

patients reside within 30 - minutes of the proposed facility and this number is projected to increase. The proposed facility is necessary to allow the existing facilities to operate at an optimum capacity, while at the same time accommodating the growing demand for dialysis services. As a result, the Geneva Crossing Dialysis facility will not lower the utilization of area provider below the occupancy standards. Excluding the 2 facilities that are not yet open/operational for 2 years, there are 11 existing dialysis facilities that have been operating for 2 or more years within the proposed 30 - minute GSA for Geneva Crossing Dialysis. As of December 31, 2016, the 11 facilities were operating at an average utilization of 70.7%. However, within a 20 min GSA, the utilization spikes to 77.0%. Based upon data from The Renal Network, there were 861 in-center hemodialysis patients residing within 30 - minutes of the proposed Geneva Crossing Dialysis, and that number is projected to increase.”

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE, MALDISTRIBUTION OF SERVICE IMPACT ON OTHER FACILITIES (77 ILAC 1110.1430(c)(1), (2) and (3))

Appendix I
Support and Opposition Comments

Support Comments

• **State Senator John Curran stated:**

"I am writing to express support of the Certificate of Need requests filed by DaVita Inc. and DuPage Medical Group, Ltd. ("DMG") for the development of new facilities to provide life-sustaining dialysis treatment, education, and support for patients with kidney disease. An estimated 1.1 million people are living with kidney disease in Illinois, and as many as 900,000 may not even know they have it. The proposed projects will ensure that these communities are equipped to handle this growing health crisis. DaVita and DMG are leaders within the medical community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative practices. Currently, DMG patients who require dialysis services may be removed from DMG's continuum of care. Through the development of the proposed facilities, patients will remain within DMG's continuum of care, allowing the providers to optimize patient health and outcomes. In addition to the patient health benefits, the communities will benefit from the creation of construction and facility operation jobs. With a record of responsible growth and management, DaVita and DMG will ensure these facilities serve as an economic catalyst for years to come. In accordance with the ethical principles outlined in Part 2 of the Illinois Governmental Ethics Act, I have evaluated these requests and have determined that they will serve the public interest of the citizens of the 41st Legislative District. As such, I respectfully request that the Illinois Health Facilities & Services Review Board consider the positive impact of these joint venture developments and approve these projects."

• **State Senator Tom Cullerton stated:**

"I am writing to express support of the Certificate of Need requests filed by DaVita Inc. and DuPage Medical Group, Ltd. ("DMG") for the development of new facilities to provide life-sustaining dialysis treatment, education, and support for patients with kidney disease. An estimated 1.1 million people are living with kidney disease in Illinois, and as many as 900,000 may not even know they have it. The proposed projects will ensure that these communities are equipped to handle this growing health crisis. DaVita and DMG are leaders within the medical community and strive to continually improve clinical outcomes and deliver the highest level of care through innovative practices. Currently, DMG patients who require dialysis services may be removed from DMG's continuum of care. Through the development of the proposed facilities, patients will remain within DMG's continuum of care, allowing the providers to optimize patient health and outcomes. In addition to the patient health benefits, the communities will benefit from the creation of construction and facility operation jobs. With a record of responsible growth and management, DaVita and DMG will ensure these facilities serve as an economic catalyst for years to come. For these reasons, I respectfully request that the Illinois Health Facilities & Services Review Board consider the positive impact of these joint venture developments and approve these projects."

Additional Support Letters were received from

- Mohamad Barakat MD
- Yazan Alia, MD
- Doreen N. Ventura, MD
- Dominador Estrada, Patient
- Janis Sladek, Patient
- Ankh Rawal, DO
- M. A. Samad, MD
- Shivani Shah, MD
- Ravi Nemivant, MD

Dominador Estrada – patient stated in part:

"I am a dialysis patient going on my second year of treatment. Dr. Mathew Philip of DuPage Medical Group is my primary care physician through the BreakThrough Care Center. DuPage Medical Group and their BreakThrough Care Center make a big difference in my life. Dr. Philip has taken care of me for over ten years, helping me hold off dialysis treatment for a long time as my kidney stones degraded my health.."

Appendix I
Support and Opposition Comments

As a retired registered nurse, I have been both a giver and receiver of medical care. I worked for 32 years at Cook County Hospital in Chicago. With all my experience, I believe in the care provided by DuPage Medical Group. They provide excellent care coordination for complex patients. They are now asking for the opportunity to collaborate with DaVita and develop high-quality dialysis treatment centers within DuPage County.”

Janis Sladek – patient stated in part

*“I am a diabetic patient who ended **up** on dialysis two and a half years ago. I have many frustrations with my current dialysis partner Fresenius Medical Care. I have had four (4) hospitalizations directly attributed to my dialysis care. I once passed out during a dialysis treatment and was bleeding from my access site. The nurse and lab technician woke me **up**, stopped my bleeding, and sent me home in a cab. When I arrived home five minutes later, I collapsed on the front lawn. My daughter-in-law called an ambulance and I required two pints of blood at the hospital. Another time, I was at dialysis when it took the staff 18 tried over 30 minutes to read my blood pressure. By the time an accurate reading was obtained my blood pressure was at 217. I found out later that the Fresenius nurse had called DuPage Medical Group and increased my blood pressure medication without my knowledge or my knowledge or that of the doctors on her staff. In contrast to my dialysis service, my patient care for all my other needs is through DuPage Medical Group. With integrated care records and coordination of services across medical specialties, DuPage Medical Group does an excellent job of coordinating my care and arranging for my treatments on a regular basis. Dr. Krouse, my primary care physician, does an excellent job managing my kidney disease, diabetes, and health complications.”*

Generally the physician support letters reflected the following: *“I can personally attest to the success of DMG's care model and commitment to innovation for our patients and providers, For example, our Electronic Health Record allows DMG physicians to have access to patients' medical history and physician progress notes across multiple subspecialties, This allows DMG physicians to have better understanding of their patients' healthcare needs and avoids unnecessary testing, prescriptions and adverse treatments. Our Electronic Health Record is an invaluable asset that allows DMG physicians to provide high quality care to all of their patients.*

To enable our physicians, DMG has invested in robust administrative support to provide integrated care across specialties, leveraging access to patient data to increase quality, improve outcomes, and keep physicians and patients closely connected to each level of care that composes the complete picture of a patient's health. We have tools and protocols that make scheduling and appointment functions easier for patients, increasing their adherence to treatment plans and the monitoring of their health.

In partnership with DaVita, I believe DMG can offer dialysis patients an improved model of care. Patients with end-stage renal disease are among the most complex within the entire health care spectrum. Currently, most dialysis care is segregated from the rest of a patient's continuity of care, with patient records often difficult to obtain for timely care coordination by primary care physicians and other specialists that can assist with optimal renal treatment plans. I hope DMG and DaVita are afforded an opportunity to implement innovations for dialysis care within the community.”

Appendix I
Support and Opposition Comments

Opposition Comments

- **Dr. Hsien-Ta Fang, stated in part:**

“I also oppose on the expansion of these providers into the ESRD continuum of care. This Board should not overlook the media reports reflecting this group does not prioritize patients ahead of profits. As a former nephrologists’ with DMG I can attest that the model is based on frequent unnecessary referrals that put stress on the patient and cause the health care system unnecessary expense, Patients that never needed a referral to a Nephrologists’ were told they needed to see one. This caused sleepless nights and worry in many families in DuPage County. I suspect this behavior might be driven by the enormous debt DMG has to venture capitalists, over \$1.2 billion based on media reports. DaVita has recently paid the People of the United States more than one billion in fines. The charges mostly related to cheating tax payers by over charging for medicine and inappropriately incenting physicians to support their dialysis units, in effect usurping patient choice. Although DaVita paid the fines they still do not own up to culpability.”

- **Scott Schiffner stated in part:**

“Moreover, this is not the business to invite into this marketplace. This Board should not overlook the media reports reflecting this group does not prioritize patients ahead of profits. DMG is a big medicine group who recently sold 70% of their interests for \$1.4 billion to a venture capital firm to enter the dialysis market together in Illinois and will not increase patient choice but rather limit it. DaVita maintains it profit margins by offering the lowest cost care and DMG's model is based on frequent referrals to specialists. DMG will capture both necessary and unnecessary referrals and put stress on the health care system in northern Illinois. The early referrals that this healthcare scheme requires to satisfy their internal metrics (and investment banker partners) alarms patients and tend to lead to over utilization of the system, further harming patients. One of the considerations is whether the services already exist in the area and if the establishment of the facility will harm existing providers. The answers are yes and yes. If you review the catchment area of this project, you will notice it overlaps the three other projects these to corporate giants want to develop despite the fact that there is no indication of need. If the board allows these unneeded units to precede it will dilute the dialysis and technician work force and the quality of dialysis care will decline adversely affecting the care thousands in northern Illinois. Availability of staffing is a fundamental issue to this industry and further challenges cannot be withstood.”

- **Lori Wright, Senior CON Specialist, Dr. Mohamed Rahman, Dr. Anus Rauf, Dr. Gregory Kozeny and Dr. David Schlieben stated:**

“There is currently an excess of 2 stations in HSA 7. The Applicants have also submitted 3 additional applications for ESRD facilities in HSA 7 to be heard at the September 26, 2017 Board meeting (#17-014, #17-015 and #17-016). Along with these projects they have submitted a 5th application for an ESRD facility in HSA 7, which is also a partnership with DuPage Medical Group (#17-029), to be heard at the November meeting. This amounts to a request for 56 total stations in an area where there is no need per your inventory. Even if there will be a need for stations in HSA 7 after the next need determination, approving 56 stations to come on line at the same time in one HSA, within 30-minutes travel time, will flood the market rather than incrementally adding clinics to adjust to evidenced and projected growth of ESRD. It also seems that the applicant is using the same CKD base to justify all four units as the support letter uses the same number of CKD patients for all projects. Applicant also does not count approved facilities in their analysis of need. Dialysis projects are approved by the board and not yet completed. Approving these unnecessary projects will put strain on the health care delivery system. The approval of the Geneva Crossing facility, along with any of the other 4 mentioned applications, will create unnecessary duplication maldistribution of services across HSA 7. There are under-utilized facilities of various providers in close proximity to each project that would be negatively impacted.”

Appendix I
Support and Opposition Comments

- **Juan Morado, Jr. Benesch, Friedlander, Coplan & Aronoff, LLP** stated:

The Board will be considering FOUR out of a total SIX applications submitted to the Health Facilities and Services Review Board ("HFSRB"). These proposed facilities all share the same flagrant problems:

- *The four facilities proposed by the applicant irresponsibly plot to meet a future 5 year need projection in one year's time, to the detriment of existing facilities and the quality of care of patients in Health Service Area (HSA) 7. All four projects all proposing to serve patients in an overlapping geographic area, thus undermining the need for the project.*
- *The applicant's referral letters included in this application and referenced in the SBSR by the applicant's own admission **do not** meet HFSRB standards and serve as an indictment of the application's inability to verify a patient population as required by the planning process.*
- *The applicants fail to mention that the patients mentioned in the SBSR and those who gave testimony at the September Board meeting are already being served by NANI doctors in some cases in dialysis facilities owned by one of the co-applicants.*

The Illinois Health Facilities Planning Act (20 ILCS 3960/12.5) requires the HFSRB to publish an updated inventory and need projection for the state of Illinois. As reflected in the SBSR the most recent HFSRB inventory shows a need for 25 ESRD stations in the HSA 7 planning area. However, all of the applications filed by the applicants taken together with for HSA 7 reflect at total 60 new stations that would be active within 12 months. This is the type of over-duplication of services that the HFSRB is designed to protect both patients and taxpayers from. Table Eight in each of the applications shows that today there is excess capacity in HSA 7, under-utilization of existing facilities, and plethora of different providers for patients to choose from. Unlike other HSAs in the State, HSA 7 currently has a wide range of both large and independent facility operators. Approval of these projects would ultimately decimate patient options in HSA 7, increase costs, and negatively impact quality care of patients.

- **Nephrology Associates of Northern Illinois** stated:

"During their testimony at the September HFSRB meeting the applicants made claims that their project was an innovative approach to dialysis care and their projects would increase options in a HSA where there were no other options. Nothing could be further from the truth. When you look at all the facilities within a 30 minute drive time it becomes clear that ESRD patients in HSA 7 have many different options when it comes to choosing an ESRD facility.

- *There are 6 different providers within a 30-minute drive time of the proposed Geneva Crossing;*
- *There are 6 different providers within a 30-minute drive time of the proposed Rutgers Park;*
- *There are 11 different providers within 30-minute drive time of Stone Quarry;*
- *There are 8 different providers within a 30-minute drive time of Salt Creek.*

The notion that these facilities would increase options to patients is completely false, and the only innovation that the applicants could point to during their presentation was that establishing these facilities would give them the ability to utilize electronic medical records. That is not innovation that is the standard and limitations that DMG places on sharing its patients medical records with other physicians should not be rewarded with four new facilities. These applications are based upon and designed to advance the interest of the applicant, not the needs of the community or the welfare of the patients, and there is nothing innovate about that."