

Nephron Dialysis Center, Ltd.

**Galter Medical Pavilion
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August 20, 2019

Michael Constantino
Supervisor, Project Review Section
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor, Springfield IL 62761

RE: Letter of Opposition (18-048 – DaVita Sauganash Dialysis, Chicago)

This letter is in opposition of the proposed DaVita Project, DaVita Sauganash Dialysis, Chicago. As CEO/CFO of Nephron Dialysis Center, Ltd, located at 54140 N. California Ave., Suite 510, Chicago, IL 60625, it is our contention that there are several dialysis facilities in relatively close proximity that are operating below 80% utilization and the addition of this new facility would have an adverse effect upon these locations – which would violate the rules of acquiring a CON. The table below shows the surrounding dialysis centers, their percent of utilization as of the end of the second quarter, and their distance from the proposed project.

Facility	Medicare #	Distance from proposed project	June 2019 % of utilization
Center for Renal Replacement, LLC	142663	2.2 Miles	53%
DaVita – Big Oaks	142712	3.9 Miles	59%
FMC – N. Kilpatrick	142501	2.5 Miles	79%
FMC – Rogers Park	142522	3.3 Miles	75%
Nephron Dialysis Center, Ltd.	142600	2.8 Miles	94% (08/20/19)

It is apparent that all the facilities have more than enough capacity to handle any influx of patients. Although our utilization seems high, Nephron has never had to refuse a patient due to utilization.

Another point of contention is in the motivation behind the proposed project by DaVita. Over the years and particularly more recently, DaVita has offered multiple times to purchase our facility and/or partner in some sort of joint venture. I also know that they have engaged with CRR (Center for Renal Replacement) for the very same reason. This proposed project is an obvious underhanded attempt to negatively impact both Nephron and CRR for the sole purpose of putting a financial

strain on these two centers, in an attempt to force a possible sale in the future. This is more evident in that the proposed location is nearly equidistant between these two independent dialysis centers. DaVita seems so fixated on taking over as much of the market share as possible that they are willing to proceed at the detriment of one of their own centers (DaVita – Big Oaks); other than the fact that they wish to negatively affect two centers from their main competitor Fresenius, which are also below the 80% utilization threshold. Beyond the politics of business, there is a very real concern for patient choice. The board is aware of the frequency with which DaVita has requested CON's over the past few years and the proposed project has the potential to eliminate the independents in the area. This proposed project is the very reason the CON exists. I strongly urge you to deny this proposed DaVita project.

Sincerely,

A handwritten signature in cursive script that reads "George Kocalis".

George Kocalis
CFO/COO