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**RECEIVED**

JAN 10 2020

January 10, 2020

**VIA ELECTRONIC MAIL & FEDEX DELIVERY**

Illinois Health Facilities & Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761  
Attention: Michael Constantino, Supervisor, Project Review Section

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

**Re: Supplemental Information re: Austin Dialysis at Loretto, Project 19-022**

Dear Mr. Constantino:

I hereby submit supplemental information on behalf of co-applicants Austin Dialysis Center, LLC and Loretto Hospital (the "Applicants") in regard to Project 19-022, in which the Applicants are seeking approval for a 12-station dialysis facility in the City of Chicago, Illinois (the "ESRD Facility"). For your review, I have enclosed the following documents:

1. A revised physician referral letter from Rajani Kosuri, MD; and
2. Revised pages to the CON permit application resulting from the amended referral numbers.

In addition to the foregoing information, copies of which are attached hereto, I provide a narrative below to explain the patient referral data used by the Applicants and why it was necessary to take this course of action. I am also requesting a new project completion date since there has been a lengthy delay in the consideration of this application.

**Hospital Patient Data**

In the attached physician referral letter, nephrologist Rajani Kosuri, MD provides historical and projected patient referral data to justify need for the proposed ESRD Facility. The Applicant advises that the data provided therein is not in the format typically submitted to the State Board by in-center hemodialysis applicants. Typically, historical data is submitted by one or more private practice nephrologist(s) and is the same data reported to The Renal Network. However, in this case, the data submitted reflects historical patient data from a hospital (i.e., co-applicant Loretto Hospital) instead of an already practicing nephrologist.

The data provided by the Applicant, attested to by Dr. Kosuri (who will be the Medical Director if the proposed ESRD Facility is granted a CON permit), identifies the number of patients each year since 2017 who received hospital-based dialysis treatments. When these patients are admitted and subsequently diagnosed with ESRD and need to begin dialysis treatments, the hospital has historically provided dialysis treatments for such hospital patients. In many cases, these patients do not have a nephrologist to oversee their ESRD care.

**Via Electronic Mail & FedEx Delivery**

Supplemental Information Submission in re Austin Dialysis at Loretto  
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For the present certificate of need permit application, for the purpose of justifying need for the proposed ESRD Facility, the Applicant did not count patients who had already established a doctor-patient relationship with a nephrologist outside of the hospital. The Applicant wanted to ensure that this project would not adversely affect existing dialysis providers in the geographic service area. As a result, the data used to justify need for the proposed ESRD Facility only relies upon historical patient numbers where the hospital determined that the patients had not already chosen a nephrologist.

In regard to projected referrals, the Applicant reviewed the hospital's historic data, focusing solely on patients identified as pre-ESRD, and made a projection based on several factors, including: (1) the three-year trend of total patients receiving inpatient dialysis treatments; (2) the loss of patients due to a group of nephrologists ending its hospital affiliation in 2019; and (3) the ability to recapture patient referrals to outside providers upon the addition of one or more nephrologists following permit approval.

**Project Completion Date**

The original CON permit application included a project completion date of January 31, 2021. However, that application assumed a State Board hearing and approval in October 2019. The project was initially deferred at the request of board staff and subsequently deferred again at the request of the Applicant. Four months have passed without action being taken and further time will elapse between this submission and the next State Board meeting. Based on this extended consideration period, the Applicant now requests a project completion date of July 31, 2021.

\* \* \* \*

Thank you for your time and consideration. If you have questions, do not hesitate to contact me at either phone number provided above or via e-mail, .

Sincerely,



Joseph Hylak-Reinholtz

enclosures

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**ATTACHMENT A**

**Revised Physician Referral Letter**

(see attached)



VIA ELECTRONIC MAIL & OVERNIGHT DELIVERY

January 8, 2020

Illinois Health Facilities and Services Review Board  
525 West Jefferson Street  
Second Floor  
Springfield, Illinois 62761  
Attention: Courtney Avery, Administrator

**RE: ESRD Facility Proposed by Austin Dialysis at Loretto, Chicago, Illinois  
Revised Historical Patient Data  
Project 19-022**

Dear Ms. Avery:

I am a nephrologist practicing in the City of Chicago. I submit this letter in support of the in-center hemodialysis facility ("ESRD Facility") proposed by Austin Dialysis at Loretto ("Applicant"). The Applicant's proposal will enhance access to critical care for end stage renal disease ("ESRD") patients living in Chicago's Austin neighborhood and other at-risk communities near the Loretto Hospital campus.

Specifically, I submit this letter to provide historical and projected patient referral data to justify need for the proposed ESRD Facility. Be advised, the data provided herein is not in the format typically submitted to the State Board by in-center hemodialysis applicants (i.e., historical data from a private practice nephrologist(s) as reported to The Renal Network). Instead, the data reflects historical patient data from Loretto Hospital, which identifies the number of patients each year since 2017 that received hospital-based dialysis treatments. For the certificate of need permit application, we removed any patient who had already established a doctor-patient relationship with a nephrologist. As a result, the data used to justify need for the proposed ESRD Facility only relies upon patient numbers where the patient had yet to choose a nephrologist. Thus, the Applicant's proposal does not disturb any existing doctor-patient relationships.

Based on the hospital's records, 144 patients with ESRD received inpatient dialysis at Loretto Hospital during the most recent three (3) year period, which includes data from the most recent quarter. A summary of this data is provided on Exhibit A. During the most recent year for which data is available, the hospital identified 26 ESRD patients who lived in the geographic service area, determined that such patients did not have an existing nephrologist, and referred those patients for in-center hemodialysis outside the hospital. A summary of this data is provided on Exhibit B, which shows the number of unaffiliated patients (by facility and zip code of residence).

ESRD Patient Referral Letter  
Austin Dialysis at Loretto  
CON Project 19-022  
January 8, 2020

I anticipate that the number of hospital patients identified herein (i.e., those having ESRD and were admitted without an existing nephrologist relationship) will follow historical patterns and be substantially similar in the early months of CY 2020. In addition, based on my interaction with existing patients, I anticipate that future non-committed patients will choose the proposed ESRD Facility for their in-center hemodialysis treatments. The location of the ESRD Facility will be convenient for these patients and will accept all payor types, including Medicaid. Furthermore, upon receiving a CON permit from the State Board, the Applicant intends to bolster its in-center hemodialysis staff and further expand ESRD patient programs and community outreach. New nephrologists employed by or affiliated directly with Loretto Hospital will also begin to refer patients to the ESRD Facility. Therefore, the Applicant is confident that its patient base will grow rapidly and the caseload projections will reach a level that meets or exceeds the State Board's target utilization standards within 24 months. The Applicant's projections are attached hereto as Exhibit C.

In regard to the projections provided herein, the numbers take into account patients who are not expected to continue requiring in-center hemodialysis services due to a change in health status (e.g., the patients will receive a kidney transplant or will expire).

Based on foregoing, I certify that: (1) the patients who will be referred to the proposed ESRD facility will reside within the Applicant's proposed geographic service area; (2) the anticipated number of referrals does not exceed documented historical caseload; (3) the aforementioned patients have not been used to support another pending or approved certificate of need permit application; and (4) the information provided in this letter is true and correct to the best of my knowledge.

Respectfully submitted,

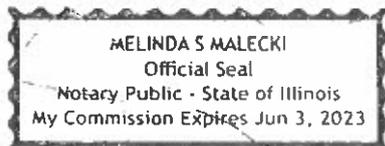
  
Rajani Kosuri, M.D.  
Nephrologist  
Loretto Hospital  
645 South Central Avenue  
Chicago, Illinois 60644

**NOTARY**

Subscribed and sworn to me this 9<sup>th</sup> day of January, 2020.

  
Notary Public

Seal:



**EXHIBIT A**

**Historic ESRD Patients by Zip Code**

<b>Zip Code</b>	<b>Population</b>	<b>ESRD Patients 2017</b>	<b>ESRD Patients 2018</b>	<b>ESRD Patients 2019</b>	<b>Most Recent Qtr. (Oct.-Dec., 2019)</b>
60130	14,137				
60153	24,029				
60155	7,915				
60160	25,534				
60171	10,248				
60302	32,258				
60304	17,402				
60305	11,217				
60402	63,938				
60513	18,966				
60534	10,571				
60546	15,837				
60608	78,072		2		
60612	35,559		2	1	
60618	95,632			2	1
60622	54,467	2			
60623	88,137		5		
60624	38,134		6	3	1
60632	91,668				
60634	73,382				
60638	57,746				
60639	90,211				
60641	70,642				
60644 *	49,645	16	71	25	11
60647	88,866				
60651	61,759	1	6	4	2
60707	43,451				
60804	83,972		1		
<b>TOTAL</b>		<b>19</b>	<b>92</b>	<b>33</b>	<b>12</b>

The chart above identifies 144 unique patients who received hospital-based dialysis treatments in the past three (3) years and the most recent quarter, as recorded in Loretto Hospital's historical records.

**EXHIBIT B**

**ESRD Patients by Zip Code and Facility (CY 2018)**

<b>Zip Code</b>	<b>Loretto Hospital Chicago, Illinois</b>
60130	
60153	
60155	
60160	
60171	
60302	
60304	
60305	
60402	
60513	
60534	
60546	
60608	2
60612	
60618	
60622	
60623	
60624	1
60632	
60634	
60638	
60639	
60641	
60644	23
60647	
60651	
60707	
60804	
<b>TOTAL</b>	<b>26</b>

**EXHIBIT C**

**ESRD Projected Referrals**

<b>TOTAL POPULATION/TOTAL ESRD PATIENTS IN APPLICANT'S GSA</b>			
<b>** Patients Beginning Dialysis Treatments Within 24 Months **</b>			
<b>Zip Code</b>	<b>Total Population</b>	<b>Pre-ESRD Patients Begin Dialysis &lt; 12 Months</b>	<b>Pre-ESRD Patients Begin Dialysis 12-24 Months</b>
60153	24,029	1	1
60608	78,072	1	1
60612	35,559	1	1
60622	54,467	1	1
60623	88,137	6	8
60624	38,134	6	3
60632	91,668	1	1
60644	49,645	27	17
60651	61,759	3	1
60804	83,972	1	1
<b>TOTAL</b>	<b>1,353,395</b>	<b>48</b>	<b>83</b>

**ATTACHMENT B**  
**Revised Attachment 15**  
(see attached)

## ATTACHMENT 15

### Criterion 1110.234 -- Project Services Utilization

Utilization					
	Dept./ Service	Historical Utilization (Patient Days) (Treatments) Etc.	Projected Utilization	State Standard	Met Standard?
Year 1 (2020-21)	In-Center Hemo	29	40%	80%	NO
Year 2 (2021-22)	In-Center Hemo	58	80%	80%	YES

#### Summary

An ESRD Facility applicant must document that, by the end of the second year of operation, the annual utilization of the clinical service areas shall meet or exceed the applicable utilization standards. For the proposed ESRD Facility, with 12 stations operating at three shifts per day, six days per week, the Applicant must demonstrate 80% utilization by the end of the second year of operation. For a 12-station in-center hemodialysis facility, the standard is met when the center has 58 patients. As the chart above illustrates, the Applicant will meet this state standard by the end of the second year of operation following the date of project completion.

The projected referrals included in the physician referral letter (see table provided below) are higher than the numbers provided in the table above.

TOTAL POPULATION/TOTAL ESRD PATIENTS IN APPLICANT'S GSA ** Patients Beginning Dialysis Treatments Within 24 Months **			
Zip Code	Total Population	Pre-ESRD Patients Begin Dialysis < 12 Months	Pre-ESRD Patients Begin Dialysis 12-24 Months
60153	24,029	1	1
60608	78,072	1	1
60612	35,559	1	1
60622	54,467	1	1
60623	88,137	6	8
60624	38,134	6	3
60632	91,668	1	1
60644	49,645	27	17
60651	61,759	3	1
60804	83,972	1	1
<b>TOTAL</b>	<b>1,353,395</b>	<b>48</b>	<b>83</b>

The table identifies the number of patients beginning dialysis treatments within 24 months, as provided in the physician referral letter, a number which is higher than those used for this attachment. The Applicant chose a more conservative approach and scaled back its projections regarding target utilization. The conservative projections exclude hospital patients who were identified in hospital records as having a pre-existing relationship with an outside nephrologist. The projections do take into account the termination of a prior arrangement with a nephrology practice group and their replacement following permit approval.

As mentioned above, prior to submitting this permit application, a relationship between an independent nephrology group and Loretto Hospital ended. Presently, those patients who need ongoing dialysis treatments are being referred out of the hospital after they are discharged. If the nephrology group was still affiliated with Loretto Hospital, the higher numbers in the second table would likely materialize over the first 24 months of operation. However, because this relationship has ended, the Applicant does not rely on these nephrologists to satisfy this review criterion.

The Applicant will replace the nephrology service line starting with Dr. Kosuri, who will accept internal patient referrals from Loretto Hospital's primary care physicians upon CON approval. The Applicant identified several physicians who committed to referring their patients who need ESRD treatments to Dr. Kosuri and the in-center hemodialysis facility. Moreover, the hospital continues to work to replace the lost nephrologists, which will be accomplished either by hiring employed physicians or by contracting with additional nephrologists and/or affiliating with a new independent nephrology group. If a permit is granted, the Applicant will no longer need to refer ESRD patients to outside nephrologists and can keep this service line in-house. These patients will remain with the Applicant, ensuring that a critical service line remains available to all hospital patients, and continue to direct needed revenue to a vital safety net hospital.

**ATTACHMENT C**

**Revised Attachment 24(b)**

(see attached)

**ATTACHMENT 24(b)**

**Criterion 1110.230(b)(2) – Planning Area Need: Service to GSA Residents**

*Delete Prior Section (b), Summary Paragraph and Section on “Sufficient Patient Base” and replace with the following:*

**(b) Purpose of the Project: Meet Unmet Need for Dialysis Care on Chicago’s West Side**

The Applicant’s proposal will address unmet need for dialysis stations in HSA 6, as calculated in the most recent update to the Inventory of Healthcare Services (“Inventory”). The Inventory shows that HSA 6 has a need for 70 additional in-center hemodialysis stations. The Applicant’s proposed GSA is within HSA 6, centered among some of Chicago’s poorest communities, neighborhoods with residents who disproportionately suffer from kidney disease when compared with other demographic groups.

***Sufficient Patient Base***

Based on historical patient data provided by Loretto Hospital, the proposed ESRD facility is expected to reach and possibly exceed the State Board’s 80% utilization standard for ESRD facilities at the end of the second full year of operation.

**Loretto Hospital Historic ESRD Patients by GSA Zip Code**

<b>Zip Code</b>	<b>Population</b>	<b>ESRD Patients 2017-2019</b>
60608	78,072	2
60612	35,559	3
60618	95,632	3
60622	54,467	2
60623	88,137	5
60624	38,134	10
60644 *	49,645	112
60651	61,759	11
60804	83,972	1
<b>TOTAL</b>		<b>114</b>

The chart above identifies hospital patients, by zip code, who received hospital-based dialysis treatments in the past three years at Loretto Hospital. Most notably, most of the patients originated from the same zip code of Loretto Hospital (i.e., 60644), a zip code that does not currently have an in-center dialysis facility. This also shows that the proposed site will be a very convenient location for most of the projected ESRD patients. Most important, however, is that the hospital will be able to continue providing a critical service line to its patient base going forward, helping the hospital capture a critical revenue stream that will help sustain the financial viability of this safety net hospital.

**ATTACHMENT 24(b)**

**Criterion 1110.230(b)(2) – Planning Area Need: Service to GSA Residents**