



## Fresenius Medical Care

October 29, 2010

**RECEIVED**

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HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Mike Constantino  
Illinois Health Facilities & Services Review Board  
525 West Jefferson, 2<sup>nd</sup> Floor  
Springfield, IL 62761

**Re: Modification - Project # 10-066, Fresenius Medical Care Joliet**

Dear Mike,

Enclosed please find revised pages of the above mentioned CON application currently in the review period. These pages contain modifications to clarify the numbers of pre-ESRD patients identified for the project.

In the original pages the pre-ESRD patient numbers did not reflect the losses generally experienced by patients before beginning dialysis. This resulted in elevated number of patients expected to be referred to dialysis for the project. The patient data also included those patients Dr. Alausa had who would begin dialysis in the 3<sup>rd</sup> year of operation. Those patients have been removed to avoid confusion and only the patients who will begin in the first two years of operation, per the Board's criteria, are reported.

Please replace pages 39-40, 44-46, 49, 56-57 and 103. All these pages had references to the pre-ESRD patient numbers.

Thank you for your assistance with this matter.

Sincerely,

Lori Wright  
Senior CON Specialist

Phone 708-498-9121

cc: Clare Ranalli

**Fresenius Medical Services ♦ Dialysis Services**

One Westbrook Corporate Center, Suite 1000 Westchester, IL 60154 708-562-0371 Fax: 708-498-9283

## Alternatives

### 1) All Alternatives

#### A. Proposing a project of greater or lesser scope and cost.

There was only one alternative considered that would entail a lesser scope and cost than the project proposed in this application, however it was not determined to be a feasible option. This was the alternative of doing nothing. Dr. Alausa's practice has seen continued growth of ESRD and pre-ESRD in the Joliet area. The facilities they refer to have consistently operated at high utilizations despite station additions. As well, Dr. Alausa is Medical Director of the nearby Fresenius Plainfield facility which is already at 50% utilization after only being operational for 9 months. The high utilizations, growth, number of pre-ESRD patients in the Joliet market area as well as the ratio of patients to stations (1/6,960) warrants a responsibility to plan for these patients to keep access to dialysis treatment available. There is no monetary cost associated with this alternative.

#### B. Pursuing a joint venture or similar arrangement with one or more providers of entities to meet all or a portion of the project's intended purposes' developing alternative settings to meet all or a portion of the project's intended purposes.

The preferred Fresenius model of ownership is for our facilities to be wholly owned, however we do enter into joint ventures on occasion, such is the case in this proposed facility. Fresenius Medical Care Ventures, LLC is in partnership with Kidney Care Center of Northern Illinois, LLC, which is a 60%/40% Joint Venture. Fresenius Medical Care always maintains control of the governance, assets and operations of a facility it jointly owns. Our healthy financial position and abundant liquidity indicate that that we have the ability to support the development of additional dialysis centers. The total cost of the project is \$4,395,960, and Fresenius Medical Care Ventures, LLC will be responsible for \$2,637,576 of this amount and Kidney Care Center of Northern Illinois, LLC will be responsible for the remainder of \$1,758,384.

#### C. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project

The option of sending Dr. Alausa's pre-ESRD patients to underutilized facilities in the area as they require dialysis treatment is an option that is already being acted upon. Dr. Alausa and his partners admit to Silver Cross Hospital, Silver Cross Renal West, Sun Health and Fresenius Plainfield. Aside from the patients identified for the Fresenius Joliet facility, they have patients who live closer to the above mentioned facilities and also to the not yet operational Fresenius Lockport facility that they will refer to. However, considering the facility utilizations and the number of pre-ESRD patients of Dr. Alausa alone, not to mention those of the other nephrologists in the region, there has been a decline in available services and there simply will not be adequate access to dialysis services in the near future. The only facility within 30 minutes travel time that has considerable access is the Lockport facility which is not due to be operational for another year yet. The physicians supporting that facility have identified 78 patients from the immediate Lockport area that they will refer to that facility in the first two years of operation. Dr. Alausa also has 26 pre-ESRD patients from Lockport that he will likely refer there. These patients are not included in the number of pre-ESRD patients identified for the Joliet facility.

Sun Health, in Joliet, is operating at 60%. 20 more patients would bring that facility to 80%. Dr. Alausa currently does and will continue to refer patients to that facility as appropriate or per the patients choice.

Fresenius Medical Care Plainfield has been open for nine months and is already at 50%, with patients Dr. Alausa has referred to this facility. He still has an additional 35 patients from that area that he expects to refer there in the next two years.

The only other facility in the area with reasonable excess capacity is Fresenius Mokena. This facility is 14 miles away and does not serve the city of Joliet. Dr. Alausa does not practice in Mokena and if a patient were referred there not only would they have to travel out of their market for healthcare, they would have to change physicians and thus lose continuity of care.

- D. As discussed further in this application, the most desirable alternative to keep access to dialysis services available by planning for documented growth in the Joliet area market is to establish Fresenius Medical Care Joliet as a Joint Venture, while still referring patients to the other providers in the area for services as needed per the patient/physician decision. The cost of this project is \$4,395,960.

**Criterion 1110.234, Project Services Utilization**

UTILIZATION					
	DEPT/SERVICE	HISTORICAL UTILIZATION	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
	IN-CENTER HEMODIALYSIS	N/A New Facility		80%	Yes
<b>YEAR 1</b>	IN-CENTER HEMODIALYSIS		43%	80%	No
<b>YEAR 2</b>	IN-CENTER HEMODIALYSIS		98%	80%	Yes

Dr. Alausa expects to admit 41 patients to the Joliet facility in the first year of operation to bring the facility to 43%. It is expected that 66 patients would be referred to the facility in the 2<sup>nd</sup> year. There is an approximate 12% loss of dialysis patients due to death or transplant yearly. With this being accounted for the utilization at the end of the second year would be 98%.

## **Planning Area Need – Formula Need Calculation:**

### **A. Planning Area Need - Formula Need Calculation:**

The proposed Fresenius Medical Care Joliet dialysis facility is located in HSA 9, which is comprised of Will, Kendall, Kankakee and Grundy counties. According to the August 2010 station inventory there are 47 excess stations in this HSA.

While this project is requesting more stations than is determined needed in HSA 9, Joliet is a heavily populated area that is growing rapidly. The ratio of stations to population within a 30-minute travel zone of Fresenius Joliet is 1/5,233 according to the 2000 census. Since the 2000 census, Will county has grown 33% (according to 2008 projections). If this growth is applied to the census within 30 minutes of Fresenius Joliet, the ratio of stations is more accurately figured at 1/6,960. The State average is 1/3,766 for the same time period. The Joliet area ratio is nearly twice as high as the State ratio exhibiting need. Also, the average overall utilization of the facilities within the 30-minute travel zone is 73%, only 57 patients away from being at 80%. Dr. Alausa, only one of many nephrologists practicing in the Joliet area, has already identified 41 patients he will admit to the facility in the first year of operation. It will take two years to complete the facility. It is evident by the pre-ESRD numbers that the area utilization will be much higher at that time.

**Planning Area Need – Service To Planning Area Residents:**

**2. Planning Area Need – Service To Planning Area Residents:**

- A. The primary purpose of this project is to provide in-center hemodialysis services to the residents of Joliet in HSA 9. 100% of the pre-ESRD patients reside in HSA 9.

<b>County</b>	<b>HSA</b>	<b># Pre-ESRD Patients Who Will Be Referred to Fresenius Medical Care Joliet</b>
Will	9	107 – 100%

**PRE - ESRD PATIENTS DR. ALAUSA EXPECTS TO REFER TO FRESENIUS  
MEDICAL CARE JOLIET BY 2 YEARS AFTER PROJECT COMPLETION  
ALSO INCLUDED ARE HIS PATIENTS WHO WILL BE REFERRED TO OTHER AREA  
FACILITIES IN THE SAME TIMEFRAME**

<b>Fresenius Medical Care Joliet</b>		
<b>Zip Code</b>	<b>1st Year</b>	<b>2nd Year</b>
60432	6	7
60433	12	12
60442	4	9
60410	3	11
60481	2	11
60403	14	16
<b>Total</b>	<b>41</b>	<b>66</b>

<b>Silver Cross Hospital New Lenox</b>		
60451	9	8
<b>Total</b>	<b>9</b>	<b>8</b>

<b>Fresenius Medical Care Plainfield</b>		
60586	4	3
60431	4	4
60404	2	6
60544	7	6
<b>Total</b>	<b>16</b>	<b>19</b>

<b>Fresenius Medical Care Lockport</b>		
60441	9	17
<b>Total</b>	<b>9</b>	<b>17</b>

<b>Potentially to Fresenius Medical Care Oswego, Naperville or Bolingbrook</b>		
60543	4	5
60585	4	4
60446	4	7
60564	4	5
<b>Total</b>	<b>16</b>	<b>21</b>

<b>Potentially to Silver Cross West, Sun Health or Fresenius Joliet</b>		
60436	15	5
60421	7	8
60435	7	8
<b>Total</b>	<b>29</b>	<b>22</b>

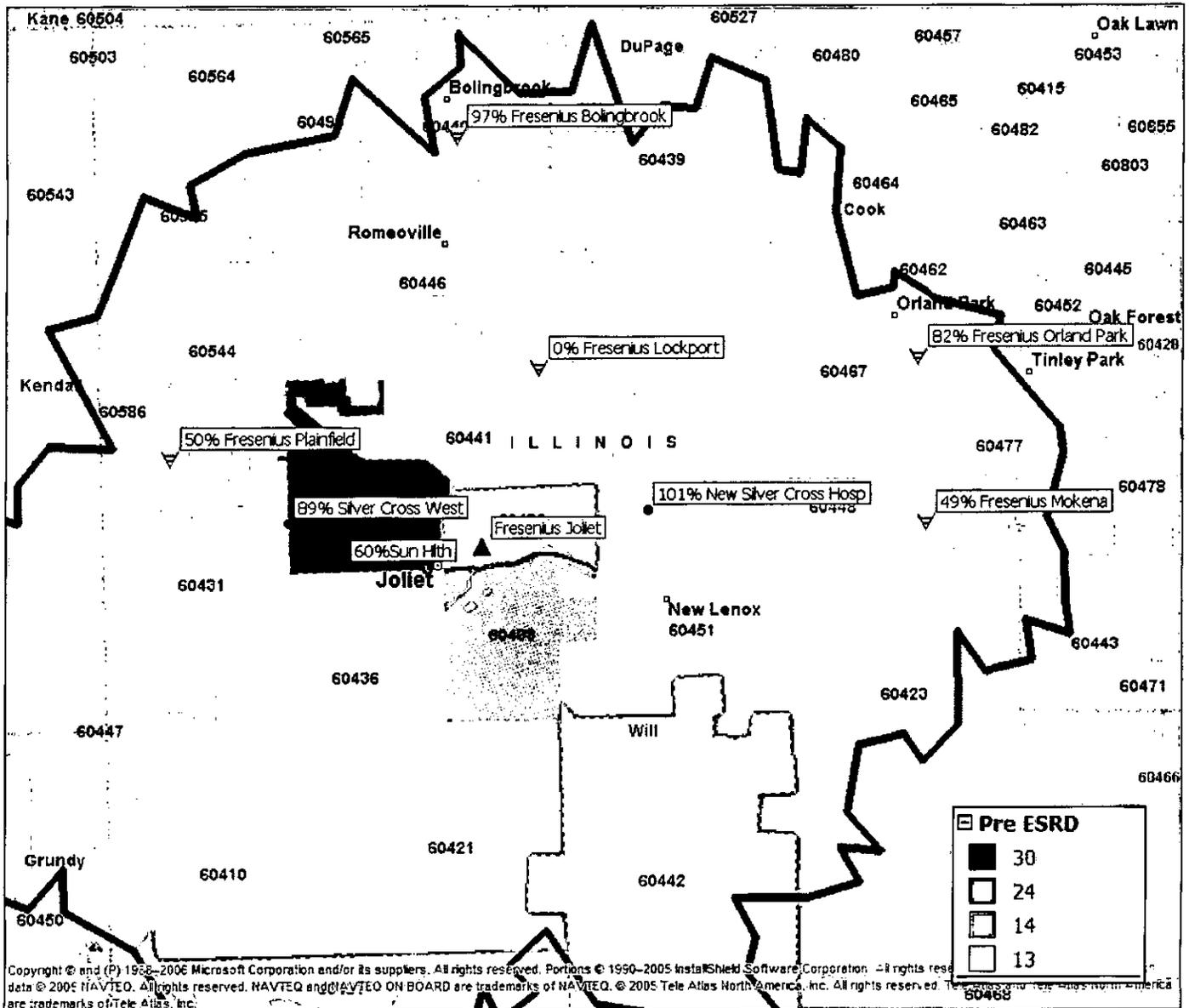
<b>Grand Total</b>	<b>121</b>	<b>152</b>
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## FACILITIES WITHIN 30 MINUTES TRAVEL TIME OF FRESENIUS JOLIET

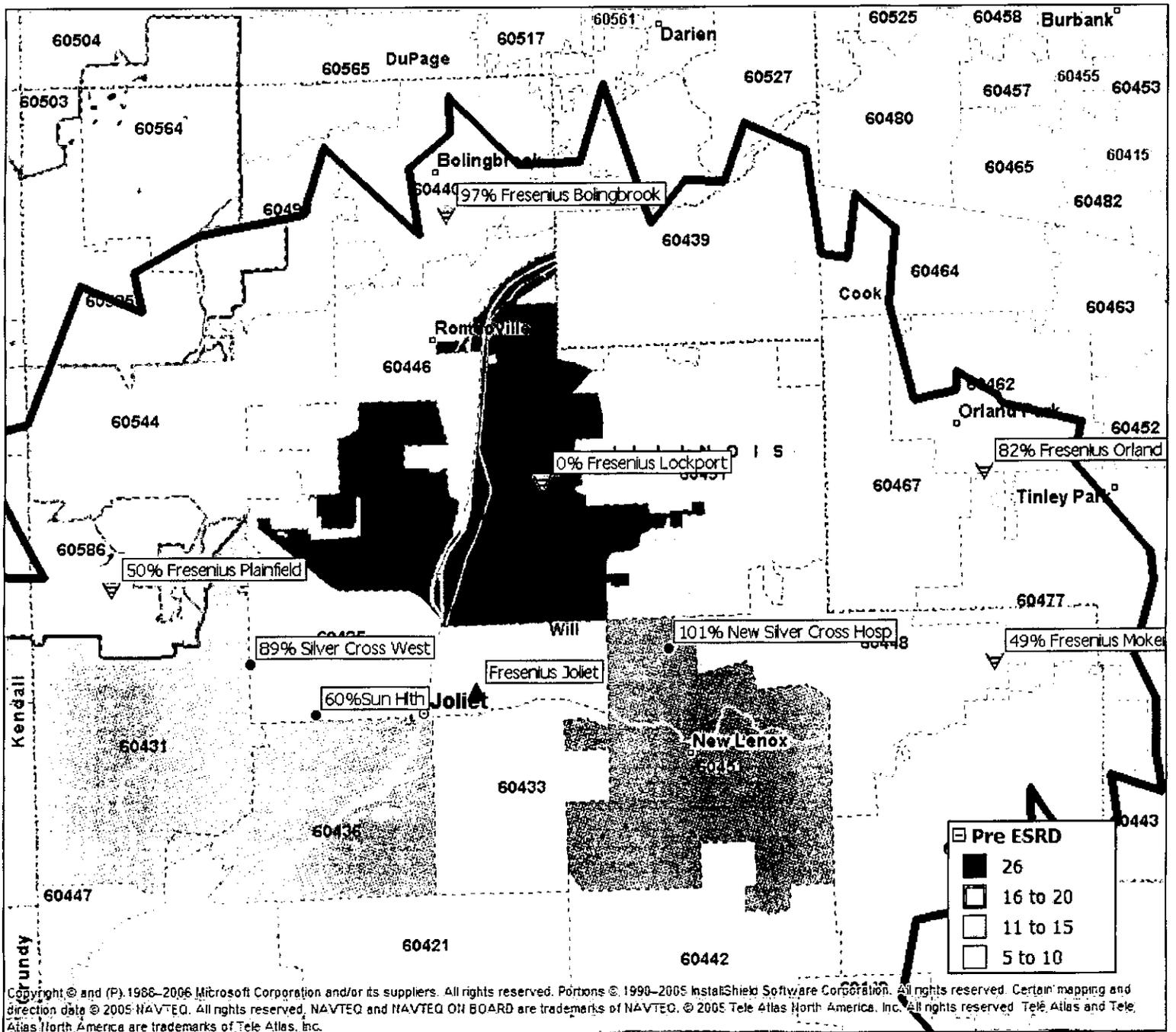
Facility	Address	City	State	ZIP Code	Miles	Time	Adjusted	Stations	Utilization
New Silver Cross Hosp	US-6 & N Clinton St	New Lenox	IL	60451	4.31	7	8	19	101%*
Fresenius Lockport	1062 Thornton Avenue	Lockport	IL	60441	5.75	11	13	12	0%
Sun Health	2121 W Oneida St	Joliet	IL	60435	5.79	13	15	17	60%
Silver Cross West	1051 Essington Rd	Joliet	IL	60435	5.73	17	20	29	89%
Fresenius Mokena	8910 W 192nd St	Mokena	IL	60448	13.82	22	25	12	49%
Fresenius Orland Park	9160 W 159th St	Orland Park	IL	60462	14.33	22	25	16	82%
Fresenius Plainfield	2320 Michas Dr	Plainfield	IL	60586	15.48	25	29	12	50%
Fresenius Bolingbrook	329 Remington Blvd	Bolingbrook	IL	60440	13.12	26	30	20	97%

\*Based on current Joliet site and 14 current stations. Project #10-020 approved July 2010 to relocate facility to New Lenox and add 5 stations.

## DEMOGRAPHICS OF THE PRE-ESRD PATIENTS IDENTIFIED FOR FRESENIUS MEDICAL CARE JOLIET



**DEMOGRAPHICS OF ADDITIONAL 166 PRE-ESRD PATIENTS OF DR. ALAUSA WHO WILL  
BE REFERRED TO OTHER AREA FACILITIES PER THE PATIENTS CHOICE  
AND PLACE OF RESIDENCE**



**PRE - ESRD PATIENTS DR. ALAUSA EXPECTS TO REFER TO FRESENIUS  
MEDICAL CARE JOLIET BY 2 YEARS AFTER PROJECT COMPLETION  
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