

11-016

Roate, George

From: Jack Axel [jacobmaxel@msn.com]
Sent: Monday, July 18, 2011 10:24 AM
To: Roate, George
Subject: 11-016 ARA McHenry Dialysis Center
Attachments: scan085.pdf; scan086.pdf; scan087.pdf; scan088.pdf

Please see attached in response to your request for additional information.

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JUL 18 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by electronic mail

July 18, 2011

Mr. George Roate
Project Reviewer
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

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JUL 18 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Project 11-016
ARA McHenry Dialysis Center

Dear Mr. Roate:

Please accept this letter and its enclosures in response to your request for additional information related to the above-referenced project.

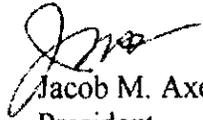
Three letters from nephrologists are enclosed. Together, these letters document sixty-four patients in the physicians' practice, not currently receiving chronic dialysis services, but who are anticipated to initiate dialysis at the proposed facility within its first 24 months of operation. Those sixty-four patients would cause ARA McHenry Dialysis Center ("ARA MDC") to operate at 89.1% utilization by the end of the second year. Attached to the letters are tables identifying the number of patients under the practice's care in area dialysis facilities, 2008-2010 and the first quarter of 2011, as well as individual lists of the nephrologists' anticipated referrals to ARA MDC.

As noted in the nephrologists' letters, it is anticipated that additional patients will enter their practice between now and the end of the facility's second year of operation, and it is reasonable to assume that some of those (unknown) patients will also be referred to ARA MDC. Also, ARA experienced a loss of 13-14% of its patients at its two Illinois facilities last year, due primarily to patients expiring, transferring to another facility, or receiving a transplant. Patient loss in a facility during its first two years of operation, however, and particularly one populated by

patients initiating dialysis should anticipate a much lower patient loss rate, and certainly not at a rate that would result in ARA MDC operating at under the 80% target utilization rate.

Thank you for the opportunity to provide this information.

Sincerely,


Jacob M. Axel
President

Enclosures (3)

MOHAMMAD ZAHID, M.D., F.A.C.P., F.A.C.N.
Diplomate, American Board of Internal Medicine and Nephrology

July 12, 2011

Mr. Michael Constantino
c/o Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

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JUL 18 2011

RE: Project 11-016
ARA McHenry Dialysis Center

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Dear Mr. Constantino:

The Elgin Clinic, Ltd. is a group practice of Board Certified nephrologists, with offices in McHenry, Woodstock, Elgin and Barrington. Within the past year, Drs. Betsy M. Eapen and Tewabe Kebede have joined me in the practice. While prior to their recent arrival, all of the practice's patients were under my direct care, patients are now being placed under the direct care of the other nephrologists.

Attached is a table, identifying where the practice's patients received chronic dialysis in 2008, 2009, 2010 and the first quarter of this year. As you can see, the practice currently (3/31/11) has 164 patients receiving ESRD services in area centers.

Also attached is a listing of patients that will, in all probability, and under my direct care, initiate dialysis at the McHenry facility during ARA McHenry Dialysis Center's first 24 months of operation. These patients represent only those "pre-ESRD" patients currently in our practice, and one would expect other patients to enter our practice within the next twelve months that would also initiate dialysis during the first 24 months of ARA McHenry Dialysis Center's opening.

The prospective dialysis recipients identified on the attached list have not been provided in support of any on ESRD project.

The information provided in this letter is true and correct, to the best of my knowledge.

Sincerely,



Mohammad Zahid, MD

Notarized:



The Elgin Clinic, Ltd.,
1530 N. Randall Road,
Suite 200, Elgin, IL 60123
(847) 897-8484

Fox Glen Condominiums,
102-B Fox Glen Drive,
Barrington, IL 60010
(847) 897-8464

Capital Court Commons,
719-B Ridge View Drive,
McHenry, IL 60050
(847) 597-8484

| The Elgin Clinic, Ltd. | | | | | | | | | | | |
|---|-----------|-------------------|-------------|-----|------|------|--|--|--|--|--|
| Patients Receiving Dialysis | | | | | | | | | | | |
| Facility | Ownership | Location | 1st Quarter | | 2009 | 2008 | | | | | |
| Sherman Hosp/Cobblestone | Davita | Elgin | 19 | 16 | 20 | 27 | | | | | |
| Ambutal/Crystal Spring | Davita | Crystal Lake | 6 | 3 | 6 | 10 | | | | | |
| ARA Crystal Lake Dialysis | ARA | Crystal Lake | 50 | 26 | 42 | 46 | | | | | |
| ARA S. Barrington Dialysis | ARA | S. Barrington | 52 | 52 | 47 | 30 | | | | | |
| Quality Renal Care-Dundee | QRC | Carpentersville | 6 | 6 | 8 | 18 | | | | | |
| Quality Renal Care-Marengo | QRC | Marengo | 5 | 4 | 8 | 8 | | | | | |
| Fresenius Medical Care of McHenry | FMC | McHenry | 12 | 19 | 18 | 15 | | | | | |
| Neomedica Dialysis Centers-Round Lake | FMC | Round Lake | 7 | 6 | 6 | 7 | | | | | |
| Fresenius Medical Care of Antioch | FMC | Antioch | 3 | 2 | 2 | | | | | | |
| Elk Grove Dialysis | Davita | Elk Grove Village | | | | 5 | | | | | |
| Neomedica Rolling Meadows | FMC | Rolling Meadows | | | | 3 | | | | | |
| Fresenius Medical Care of Hoffman Estates | FMC | Hoffman Estates | 3 | 4 | 3 | 7 | | | | | |
| Neomedical Dialysis Centers-Gurnee | FMC | Gurnee | 1 | 1 | 1 | 1 | | | | | |
| | | | 164 | 139 | 161 | 177 | | | | | |

LIKELY REFERRALS TO ARA McHENRY DIALYSIS CENTER DURING ITS INITIAL 24 MONTHS OF OPERATION:

| UNDER THE CARE OF: | MOHAMMAD ZAHID, MD: | BETSY M. EAPEN, DO: | TEWABE KEBEDE, MD |
|--------------------|---------------------|---------------------|-------------------|
| FB | 60012 | WM 53181 | EJ 60002 |
| MK | 60002 | JB 60004 | BB 60010 |
| JO | 60010 | CK 60010 | TK 60010 |
| GG | 53128 | BK 60012 | KM 60013 |
| JM | 60013 | LH 60013 | MD 60014 |
| DC | 60014 | DE 60014 | UK 60014 |
| JK | 60018 | BA 60020 | UL 60020 |
| DL | 60021 | JN 60033 | GK 60033 |
| DK | 60034 | RB 60047 | FF 60047 |
| AN | 60047 | MH 60047 | EU 60050 |
| KC | 60050 | SH 60050 | RK 60050 |
| TL | 60050 | RK 60050 | PH 60051 |
| EL | 60051 | CK 60051 | WB 60084 |
| MK | 60084 | SL 60084 | BL 60097 |
| WB | 60098 | KE 60098 | PK 60102 |
| RK | 60102 | CG 60103 | RA 60107 |
| RB | 60107 | ZA 60110 | JO 60110 |
| ML | 60110 | RC 60120 | JJ 60120 |
| DL | 60121 | FG 60123 | KF 60142 |
| JJ | 60142 | KK 60142 | RB 60169 |
| RK | 60175 | CJ 60180 | IK 60192 |
| RH | 60165 | | |

Tewabe Kebede, M.D.

Betsy M. Eapen, D.O.

Diplomate, American Board of Internal Medicine and Nephrology

July 12, 2011

Mr. Michael Constantino
c/o Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

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RE: Project 11-016
ARA McHenry Dialysis Center

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Dear Mr. Constantino:

The Elgin Clinic, Ltd. is a group practice of Board Certified nephrologists, with offices in McHenry, Woodstock, Elgin and Barrington. I joined the practice within the past year. Prior to joining the practice, the patients who are currently under my care were patients of Dr. Mohammad Zahid, the senior member of the practice.

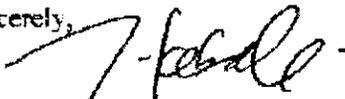
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The prospective dialysis recipients identified on the attached list have not been provided in support of any on ESRD project.

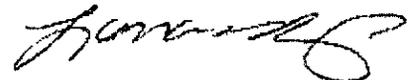
The information provided in this letter is true and correct, to the best of my knowledge.

Sincerely,



Tewabe Kebede, MD

Notarized:



The Elgin Clinic, Ltd.,
1530 N. Randall Road,
Suite-200, Elgin, IL 60123
(847) 697-6464

Fox Glen Condominiums,
102-B Fox Glen Drive,
Fox River Grove, IL 60021
(847) 697-6464

Capital Court Commons,
719-B Ridgeview Drive,
McHenry, IL 60050
(847) 697-6464

3703 Doty Road, Suite 6
Woodstock, IL 60098
(847) 697-6464

1555 Barrington Rd.
Doctors Building Three
Suite 3400
Hoffman Estates, IL 60169
(847) 697-6464

| The Elgin Clinic, Ltd. | | 1st Quarter | | | | | |
|---|--|-------------|-------------------|------|------|------|------|
| Patients Receiving Dialysis | | Ownership | Location | 2011 | 2010 | 2009 | 2008 |
| Facility | | | | | | | |
| Sherman Hosp/Cobblestone | | Davita | Elgin | 19 | 16 | 20 | 27 |
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| DK | 60034 | RB | 60047 | FF | 60047 |
| AN | 60047 | MH | 60047 | EU | 60050 |
| KC | 60050 | SH | 60050 | RK | 60050 |
| TL | 60050 | RK | 60050 | PH | 60051 |
| EL | 60051 | CK | 60051 | WB | 60084 |
| MK | 60084 | SL | 60084 | BL | 60097 |
| WB | 60098 | KE | 60098 | PK | 60102 |
| RK | 60102 | CG | 60103 | RA | 60107 |
| RB | 60107 | ZA | 60110 | JO | 60110 |
| ML | 60110 | RC | 60120 | JJ | 60120 |
| DL | 60121 | FG | 60123 | KF | 60142 |
| JJ | 60142 | KK | 60142 | RB | 60169 |
| RK | 60175 | CJ | 60180 | IK | 60192 |
| RH | 60165 | | | | |