



Fresenius Medical Care

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

October 11, 2013

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

**Re: Supplemental Information
Project #13-010, Fresenius Medical Care Schaumburg**

Dear Ms. Avery,

The enclosed pages contain supplemental information in response to the Intent to Deny given to the above mentioned project at the August 13, 2013 meeting.

Thank you for your time and consideration of this information.

Sincerely,

Lori Wright
Senior CON Specialist

cc: Clare Ranalli

**SUPPLEMENTAL INFORMATION FOR
#13-010 Fresenius Medical Care Schaumburg**

When this project received an intent to deny at the August 13, 2013 meeting only 3 of the 15 required criteria that were not met. The Board's primary focus in denying this project was on need and maldistribution. Since the "need" for dialysis stations in the HSA has more than doubled to 94 we ask the Board to consider the criteria met. On the issue of maldistribution as it relates to excess capacity we would like to point out that there has been an increase not only in station need but also in area utilization.

CHANGE IN THE INVENTORY FROM WHEN THE APPLICATION WAS ORIGINALLY HEARD: When this project was heard in August there was a need for 40 additional stations in HSA 7, which consists of densely populated suburban Cook and Du Page Counties. The most recent Board inventory indicates there that this need has more than doubled and is now at 94. The 12-station Schaumburg facility will address only a minor portion of this projected need.

THE UTILIZATION IN THE AREA HAS INCREASED SIGNIFICANTLY IN A SHORT AMOUNT OF TIME: Since this application was compiled, using December 2012 utilization data, the utilization of the 30 minute travel radius has increased by 4%. However in contrast and attesting to the need and growth in Schaumburg, the Schaumburg market utilization rate has increased by nearly 6% in *just 6 months*. This increase occurred despite the addition of 6 stations at DaVita Schaumburg in January of 2013.

Name	City	Zip Code	MapQuest		Adjusted Time	Stations	Dec 2012	June 2013
			Miles	Time			Utilization	Utilization
DaVita Schaumburg ¹	Schaumburg	60193	1.06	2	2.3	20	60.00%	61.67%
USR Streamwood ²	Streamwood	60107	4.17	9	10.35	13	17.95%	28.21%
Fresenius Hoffman Estates	Hoffman Estates	60195	6.76	13	14.95	20	86.67%	92.50%
Fresenius Elk Grove	Elk Grove Village	60007	7.12	11	12.65	28	87.50%	92.86%
Average for Facilities in the Schaumburg Market							63.03%	68.81%

ARA South Barrington	Barrington	60010	8.09	15	17.25	14	70.24%	64.29%
DaVita Arlington Heights	Arlington Heights	60005	9.05	17	19.55	18	70.37%	65.74%
Fresenius Rolling Meadows	Rolling Meadows	60008	9.2	18	20.7	24	74.31%	75.69%
Fresenius Glendale Heights ³	Glendale Heights	60139	12	18	20.7	21	78.57%	0.00%
USR Villa Park	Villa Park	60181	12.32	18	20.7	13	0.00%	38.46%
DaVita Cobblestone	Elgin	60120	12.44	22	25.3	14	72.62%	76.19%
Fresenius West Chicago	West Chicago	60185	12.66	22	25.3	12	41.67%	98.61%
Fresenius Palatine	Palatine	60074	12.78	24	27.6	12	58.33%	62.50%
Fresenius Des Plaines	Des Plaines	60018	14.15	24	27.6	12	0.00%	1.39%
Fresenius Lombard	Lombard	60148	15.55	24	27.6	12	61.11%	95.83%
USR Oak Brook	Downers Grove	60515	16.63	24	27.6	13	5.13%	28.21%
Fresenius Elmhurst	Elmhurst	60126	17.05	25	28.75	24	91.67%	82.64%
DaVita Buffalo Grove	Buffalo Grove	60089	17.45	24	27.6	16	64.58%	61.46%
Fresenius North Ave	Melrose Park	60160	17.5	26	29.9	24	84.72%	84.72%
Fresenius Downers Grove	Downers Grove	60515	18.05	26	29.9	19	82.46%	72.81%
Average for Total 30 Minute Travel Radius							58.00%	62.30%

1. DaVita Schaumburg added 6 stations operational January 2013
2. USR Streamwood began operations July 2012 and is still within the Board's 2 year ramp up phase to reach 80% with identified patients.
3. Fresenius Glendale Heights has been closed since April 2013 due to flooding and will be re-opening October 16, 2013. It is expected that all patients will return for treatment at the clinic placing the utilization back in the 80 percentile range.

Exacerbating the increase of ESRD in the Schaumburg market is the aging population. This market has twice as many residents over age 62 as the whole of Cook County. The chart below shows the impact the aging population has on ESRD in the Schaumburg market.

Schaumburg Market 3 Year ESRD Growth*			
ESRD Patients in Zip Codes Within 5 Mile Radius			Average Growth
Dec 2010	Dec 2011	Dec 2012	
288	310	382	10%

*Approximate 5 Mile Radius

ESRD Zip Code census data was obtained from The Renal Network 9/10.

If growth continues at this level, the area will be at 80% average utilization within approximately 18 months. The opening of the Schaumburg clinic is timely in that it should open about the same time the market utilization reaches 80%. In summary, the reason the HFSRB denied the application was due to the fact that area clinics had excess capacity. Even so, the need in the health service area grew immensely since this application was last heard. Also, there is an evidence based trend showing increased utilization in the 30-minute travel time from the proposed clinic (4% over six months) and particularly in the Schaumburg market within this area (6%). Annualized this relates to 8% and 12%.

Fresenius acknowledges that excess capacity is an important part of this Board's review criteria. However, there is nothing that requires the Board to apply it as overriding criteria. It is just one of the many things the Board can consider when approving or disapproving a project. In this situation, Fresenius chose not to perform a travel study due to associated cost and expense. However, ten of the clinics that are within 30 minutes travel time per MapQuest adjusted are over 25 minutes away. Driving during rush hour (patients who drive to dialysis clinics for the first shift or third shift of the day travel during rush hour as do patients returning from the second shift of the day) would take all ten of these clinics outside of the 30-minute radius.

Given the increased need and the growth in the Schaumburg market, both of which occurred since the initial intent to deny, we hope the Board is convinced that by the time the proposed facility opens, the clinics within the service area will be generally operating at target utilization, and the Schaumburg clinic will provide much needed access to dialysis services, as well as to the shift choices that fit a patients need and lifestyle.

Thank you for your time in reviewing this additional information.