Timothy V Tincknell, FACHE
(773) 549-9412
timothy.tincknell@davita.com

2611 N Halsted St
Chicago, IL 60614
Fax: (866) 586-3214
www.davita.com

RECEIVED
OCT 16 2013
HEALTH FACILITIES &
SERVICES REVIEW BOARD

October 15, 2013

Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Opposition to Nocturnal Dialysis Spa, Villa Park (Proj. No. 13-049)

Dear Chairwoman Olson:

I am writing on behalf of DaVita Healthcare Partners Inc. ("DaVita") in opposition to the proposed Nocturnal Dialysis Spa in Villa Park. The applicant proposes to establish a 12-station end stage renal disease ("ESRD") facility to be located at 1634 South Ardmore Avenue, Villa Park, Illinois to treat both traditional ESRD patients and nocturnal dialysis patients (the "Proposed Project"). Need for the Proposed Project does not exist and, if approved, will create unnecessary duplication of services within the geographic service area (30-minute radius surrounding the Proposed Project's site). The focus on nocturnal dialysis is merely a ruse to disguise the fact that need for the facility does not exist.

Purpose of the Project (Criterion 1110.230(b))

This criterion requires the applicant document the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant must identify existing problems or issues that need to be addressed as applicable and appropriate for the project. (77 Ill. Admin. Code § 1110.230(b)). The purpose of the Project, according to the applicant, is to provide nocturnal dialysis, which is not readily available, to planning area residents. (App p 38). While DaVita does not dispute the benefits of nocturnal dialysis, as it operates several nocturnal programs across the state, there is not sufficient demand for a nocturnal program in Villa Park at this time. In fact, U.S. Renal, which operates a 13 station facility approximately 5 miles (or 9 minutes) from the site of the Proposed Project, noted at the public hearing on October 1, 2013, they regularly discuss treatment options with their patients have not received one request or any interest or inquiry for nocturnal dialysis at its Villa Park facility. (See Nocturnal Dialysis Spa Transcript at 11). If there was sufficient demand for nocturnal dialysis, DaVita and other existing providers would provide it at more facilities.

Alternatives to the Proposed Project (Criterion 1110.230(c))

This criterion requires an applicant document the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project. (77 Ill. Admin. Code § 1110.230(c)). The applicant failed to adequately address this criterion as it only considered two options: do nothing/maintain the status quo and the Proposed Project. It found maintaining the status quo would not provide additional services to the community or provide patients who would like to dialyze for longer periods but cannot or are unwilling to dialyze at home with no alternative. (App p 80).

S

Importantly, the applicant failed to consider utilizing other existing facilities, particularly its own underutilized Maple Avenue Kidney Center.[1] According to the applicant, Maple Avenue Kidney Center is operating at 67% utilization. (App p 176). It could easily offer a nocturnal dialysis option in lieu of a third shift without significantly impacting patient treatment schedules. Ironically, the only dialysis patients who testified in support of the Nocturnal Dialysis Spa at the October 1, 2013 public hearing were patients of Maple Avenue Kidney Center. (See Nocturnal Dialysis Spa Transcript at 30-32). Establishing a new dialysis facility to provide patients with a nocturnal option is not an efficient use of health care resources, particularly when the applicant's own underutilized facility could provide nocturnal dialysis at significantly less cost. The applicant should offer nocturnal dialysis at Maple Avenue Kidney center to gauge whether sufficient need exists prior to proposing a new facility in an area with a significant number of underutilized facilities.

Project Services Utilization (Criterion 1110.234)

This criterion requires an applicant to document that by the end of the second year of operation, utilization will meet or exceed the State Board standards, i.e., 80%. (77 Ill. Admin. Code § 1110.234). The applicant relies on a referral letter from Comprehensive Kidney Care to support the need for the Proposed Project noting the group has identified 241 patients who would likely initiate dialysis in the near future. (App p 84). According to the referral letter, Comprehensive Kidney Care is currently treating 59 dialysis patients at area dialysis facilities but does not provide the number of new patients referred to dialysis within the past year as required by the State Board's rules. (See 77 Ill. Admin. Code § 1110.1430(b)(3)(B)(ii)). While the applicant acknowledges all 241 patients will likely not require dialysis within the next 24 months, it anticipates 60 patients will initiate dialysis by the end of the second year of operation. Given Comprehensive Kidney Care, with its "decades of experience in Nephrology," is only treating 59 dialysis patients today, it is unlikely it will refer 60 patients to the Nocturnal Dialysis Spa within the next 2 years, which will result in yet another underutilized facility in the area.

Unnecessary Duplication/Maldistribution of Services (Criterion 1110.1430(c)

This criterion requires an applicant to document a project will not result in unnecessary duplication or maldistribution of services. To support its position, the applicant relies on the fact that there is a need for 40 stations in the planning area and the ratio of stations to population is less than 1.5 times the State average. Importantly, the applicant ignores the underutilization of existing facilities within the geographic service area ("GSA"). The applicant identified 38 dialysis facilities within 30 minutes of the proposed Nocturnal Dialysis Spa. Importantly, only 13 facilities within the GSA are operating above the State Board's 80% utilization standard. (App. p 136). Contrary to the applicant's belief, the proposed facility will create unnecessary duplication/maldistribution of services.

Impact on Other Area Providers (Criterion 1110.1430(c)(3)

This criterion requires an applicant to document that within 24 months after project completion the proposed project will not lower utilization of other area providers below the State Board's occupancy standards or lower, to a further extent, utilization of other area providers operating below the State Board's occupancy standards. (77 Ill. Admin. Code § 1110.1430(c)(3). There are 13 facilities within 20 minutes' drive time of the Proposed Project. Average utilization of the existing facilities is 60%, with only two facilities operating above the State Board's 80% utilization standard. Collectively, the existing facilities can accommodate 233 patients before achieving 80% utilization. Therefore, there is sufficient capacity in the area to accommodate Comprehensive Kidney Care's projected referrals.

---

[1] See Hamid Humayun, M.D. Curriculum Vitae showing Dr. Humayun as the Medical Director and CEO of Maple Avenue Kidney Center, LLC (App p 217).

Further, the applicant states the referring physicians will likely refer 240 patients for dialysis within the next 24 months and 160 to 170 patients would likely be referred to existing facilities. The applicant's position is flawed. (App. p 175). First, the referring physicians are currently only treating 59 ESRD patients and provide no data on its referrals over the past year. Accordingly, there is no data to support the projected 240 referrals. Even if the all 59 patients identified in the letter were referred to various area dialysis facilities within the past year, the physicians would need to double their annual referrals over the next two years to achieve the projected 240 referrals (i.e., 120 referrals per year). Given the limited historical data provided, it is extremely unlikely, the referring physicians will refer 60 patients, much less 240 patients for dialysis within the next two years. Therefore, the Proposed Project will adversely impact existing providers and/or result in yet another underutilized facility in the area.

The Proposed Project is not needed and will result in an unnecessary duplication/maldistribution of services. Therefore, DaVita respectfully requests the State Board deny the applicant's proposal to establish a 12-station dialysis facility in Villa Park.

Sincerely,

Timothy Tincknell
Administrator, CON Projects
DaVita HealthCare Partners Inc.