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William L. Hyland
Director of Healthcare Planning

DaVita

October 1, 2014



Ms. Martha Frisone, Interim Chief
Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
809 Ruggles Drive
Raleigh, North Carolina 27603

RE: Project #Q-10375-14/Bio-Medical Applications of North Carolina, Inc. d/b/a FMC
Farmville/Establish a new 13-station facility/Pitt County

Dear Ms. Frisone:

BMA indicates on the cover sheet of their application that they are establishing a new thirteen-station facility in Pitt County. However, the applicant then states in the application that they are applying for a ten-station facility.

The applicant failed to identify who will be the owner of the building on page 3 of the application. The applicant responds to I.10.(a), "TBD. BMA will work with an unrelated property developer to develop the building and prepare the new facility as a dialysis facility". Then the applicant states on page 88 of the application, "Subsequent to CON approval of this application, BMA will work diligently with the property developer to acquire the site and develop the project". However, the applicant has failed to identify the developer or owner of the project.

At the bottom of page 14 of the application, the applicant provides a patient zip code chart. The following are the communities where the zip codes are located:

27828 – Farmville
27829 – Fountain
27830 – Fremont (Wayne County)
27834 – Greenville
27852 – Macclesfield
27864 – Pinetops
27893 – Wilson
28538 – Hookerton
28554 – Maury

Looking at a zip code map of Pitt County, it is obvious that all of the patients who live in the Greenville zip code (27834) live closer to the dialysis facility located at 2355 West Arlington Boulevard, Greenville, than to the proposed Farmville address. Both of the Fresenius facilities located in Greenville are in the 27834 zip code. These two facilities are located one mile apart, not the ¼ mile indicated by the applicant in the application. From the edge of the 27834 zip code, it is approximately 8.3 miles to the proposed Farmville address and 5.1 miles to the Fresenius facility located on Arlington Boulevard. Taking away the five patients living in the same zip code as the two Greenville dialysis facilities operated by Fresenius, that leaves 28 in-center patients.

The applicant identified one patient who lives in the 27830 zip code, which is located in Fremont in Wayne County. It is 33.2 miles from the town of Fremont to the proposed Farmville facility. It is only 16 miles from Fremont to the Fresenius facility located in Goldsboro. It is reasonable to assume that this patient would prefer to receive their dialysis treatments in their home county, where they have county transportation available, than to travel over 30 miles to a location out of county to receive their dialysis treatments. This leaves 27 in-center patients that may consider transfer to the proposed Farmville facility.

The applicant indicates in the chart on page 14 that there is one patient who lives in 27893 in Wayne County. 100% of zip code 27893 is located in Wilson County.

Fresenius will state that the patient letters are the gold standard in the proof of a population to be served. None of the patient letters were written by the patients. The staff at the existing facilities filled in the lines at the top of the letter and had the patients sign the letters. There is no certification that the patients read the letters or had the letters read to them before signing. The six patients above may not know that there is a closer alternative location for them. For five of the patients, it is their current facility. For the one patient living in Wayne County, it is the Fresenius Goldsboro facility.

The applicant provides a map with a 30-mile radius on page 22 of the application. Fresenius Medical Care operates 9 dialysis facilities within this 30-mile radius, which is almost 10% of the facilities that Fresenius operates in North Carolina. The facilities are:

- FMC ECU Dialysis Services –Pitt County
- FMC Ayden – Pitt County
- BMA East Rocky Mount Kidney Center – Edgecombe County
- BMA Kinston – Lenoir County
- RAI Goldsboro – Wayne County
- BMA of Pitt County – Pitt County
- FMC South Rocky Mount – Nash County
- BMA Rocky Mount – Nash County
- FMC Vernon Dialysis – Lenoir County

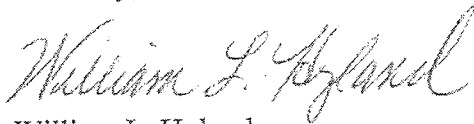
Martha Frisone
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Based on information on page 11 of the application, the FMC ECU and Greenville Dialysis facilities had a total of 343 in-center and home-trained patients as of January 1, 2011 and 370 in-center and home-trained patients as of the December 31, 2013 for a difference of 27 patients over a three year period. The average growth rate for the three years is 2.7%, which is 3.8% lower than the Pitt County five year average annual change rate. The five year average annual change rate used by Fresenius in this application is suspect, since the applicant indicates that all new referrals will come from the same sources.

The CON application submitted by FMC Farmville contains several errors and inconsistencies. The application is fatally flawed and should be denied.

DaVita HealthCare Partners Inc. reserves the right to provide additional comments concerning the FMC Farmville application at the public hearing.

Sincerely,

A handwritten signature in cursive script that reads "William L. Hyland".

William L. Hyland
Director of Healthcare Planning