

4<sup>th</sup> International Conference on

# Nephrology & Therapeutics

September 14-16, 2015 Baltimore, USA

## Creating an oligopoly in the treatment of end stage renal disease and the subsequent impact on home hemodialysis therapies

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End Stage Renal Disease impacts the lives of almost 600,000 Americans requiring hemodialysis, peritoneal dialysis or transplantation for continued survival. Incidence and prevalence of this disease is increasing as a by-product of the epidemic of obesity resulting in higher rates of diabetes and hypertension as well as the general aging population. Hailed in 1972 as a first step towards universal health care, the ESRD program has been an expensive undertaking with expenditures of approximately 6% of the Medicare budget for less than one half of one percent of the Medicare population. The government's response to the increase expenditure has been to reduce cost outlays through an erosion of reimbursement through inflation as well as shifting to a bundled payment system. As a consequence of this policy, consolidation has been aggressive during the past thirty years creating two large dialysis chains that control over 60% of the market with a massive investment in outpatient clinic infrastructure as well as medical product manufacturing to support the outpatient treatment setting. Asset leverage has also led to lower costs through economies of scale, but not without treatment option side effects. While costs have been somewhat contained on a per treatment basis in the face of increased volume demand, new and old therapies have been suppressed including home therapies such as peritoneal dialysis and home hemodialysis attributed to an oligopolistic environment. This paper will track the evolution of the creation of this oligopoly and reflect on the impact on home therapy treatment options for patients.

### Biography

John D Sullivan is an expert in health care policy, finance, and asset valuation. Prior to joining Boston University, he worked for Fresenius Medical Care, completing the acquisitions of over one hundred health care companies with an estimated value of over \$5 billion. In 2008, he co-founded Reliant Renal Care with private equity funding. He has provided strategic guidance for many of the largest health care organizations in the United States. He presently teaches mergers and acquisitions, corporate finance, investments, and financial markets and institutions.

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