

Last Word

Tannenbaum returns to dialysis circles with focus on rural communities

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He's back.

Jerome Tannenbaum, a nephrologist-turned-dialysis-clinic chain owner once known for his start-up efforts with dialysis chains REN Corp, DSI Renal, and National Nephrology Associates in the 1990s and 2000s, has returned to the dialysis provider industry with a more subdued focus: rural dialysis care.

"I didn't realize how many dialysis patients are still underserved," said Tannenbaum from his office in Nashville. "Our new company is focused on telemedicine because many of these patients in rural areas are so far away from specialized medical services," like dialysis, he said.

Tannenbaum's focus on building and running dialysis centers in rural areas is one aspect of Sanderling Healthcare Services, which he formed in 2009 to bring hospital care to rural communities. Using specialized templates, Sanderling is able to create customized, construction-ready plans within 30 days of assessing the hospital's programming needs, said Tannenbaum. The design is then translated into a series of pre-engineered building sections, in which the plumbing, mechanical, electrical, medical gas, nurse call, and staff-locator systems are all installed at the factory as part of the pre-engineered building sections.

For kidney patients, Sanderling provides tele-nephrology services through its network of nephrologists under contracts with the local hospital in a community. Patients with CKD and ESRD are frequently able to receive the renal care they need without leaving their hometown. Sanderling nephrologists provide emergency renal coverage 24 hours a day to the hospitals it serves.

Tannenbaum has dialysis clinics operating under the Sanderling name in Ely, Nev, Holdenville, Okla., Tehachapi, Calif., Kirksville, Mo., and Salida, Colo., the most recent addition. Four more are in the planning stages for 2016.

The company is the fourth national dialysis company founded by Tannenbaum. Prior companies he began and led include REN Corporation-USA, National Nephrology Associates and DSI Renal. Each was started, says Tannenbaum, through de-novo development of a few clinics, similar to his current approach with Sanderling.

Developing a plan

But how do you make rural dialysis profitable? Partly by bringing in outside investors. Way outside.

Sanderling is partnering with Mitsui & Co. (U.S.A.), Inc., a US subsidiary of Mitsui & Co., Ltd., to build more clinics. The Tokyo-based investment group funnels money into industrial products, transportation, food resources, and consumer services. The health care investment portfolio of Mitsui includes IHH, the largest for-profit hospital chain in Asia, as well as investments in the pharmaceutical manufacturing, health care



Tannenbaum (right) and Sanderling's new clinic in Salida, Colorado.

staffing and education, health care robotics, and senior living facilities. Sanderling Renal is Mitsui's first investment in dialysis in the U.S.

Compact construction

Most of the Sanderling clinics are small—8-12 stations—and are built on hospital campuses. The size matches the population need of the local area, but the clinics are geographically placed so patients can get access from rural towns, some of which may only have 200-300 residents. Western states in particular, said Tannenbaum, have many underserved areas because of the big mileage distances between clinics. "We had patients who literally moved away from their town" just to be closer to a dialysis unit, said Tannenbaum.

Staffing a challenge

Building a clinic in a needy area is one thing; how do you staff it?

"Bringing nephrologists to those communities and other staff is tough," said Tannenbaum. The telenephrology program provides access to physician care, but acknowledged that, "Home monitoring is helpful, but we need more," he said.

Sanderling believes it has a viable, profitable formula for providing dialysis care in rural markets that are unserved or underserved. "Although these markets have been generally unattractive to most LDOs and MDOs in the past, we have developed a formula for making them financially viable," said Tannenbaum. "We have the advantage of being a private company with essentially no debt, and a business partner (Mitsui) who has a very long-term view of the world. As a result of having a partner who is committed to the long-term, we can afford to enter markets that may take a long time to mature.

"We have purposely positioned Sanderling as a company that can make investments in seemingly unattractive markets, and watch them mature without the pressure of public reporting and a lot of debt to service."

For more information on Sanderling Renal Services, visit their website at www.srs-usa.com.

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