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Growth in dialysis industry has Satellite Healthcare expanding its space in San Jose

Silicon Valley / San Jose Business Journal - by [Mary Duan](#)

A nonprofit dialysis service provider founded four decades ago by Stanford physicians is moving its headquarters to San Jose, setting up shop directly in the heart of an area expected to see escalating rates of kidney and related diseases in the coming years.

Satellite Healthcare is moving from Mountain View to 300 Santana Row, taking 16,000 square feet and consolidating its headquarters into a single floor at the newly completed space.

Satellite operates 50 outpatient and home care centers. It has the greatest concentration of centers in Silicon Valley and the Bay Area, surpassing the country's third-largest dialysis company, **DaVita Inc.** The publicly held DaVita is based in Colorado and has six centers in San Jose and Union City.

Satellite uses products from the Waltham, Mass.-based **Fresenius Medical Care**. Fresenius is the world's largest dialysis treatment company, but it has only a few centers in the Bay Area.

Satellite president and CEO Mark Burke said the dialysis industry is a rapidly evolving one, due to general poor health and an aging population. According to statistics from the **National Kidney Foundation**, the two largest risk factors for kidney disease — hypertension and diabetes — are skyrocketing in incidences across all Bay Area populations.

Diabetes alone is expected to grow by 165 percent by 2050; it's estimated that one out of every eight Bay Area residents has some level of kidney disease.

There are about 8,000 patients receiving dialysis for kidney failure in the Bay Area. Satellite treats an estimated 4,500 chronic dialysis patients a year through its 50 care centers — 28 in the Bay Area and 10 in the Central Valley, — as well as a home dialysis program named WellBound. Of the patients it serves, 50 percent are diabetic and 22 percent are on home dialysis.

Patients come to Satellite via referral from a network of 200 physicians. The company generates \$250 million a year in revenue on a consolidated basis, and it funds a \$1.5 million annual grant program for upcoming scientists working in the industry.

DaVita, by comparison, had 2009 revenue of \$6.1 billion.

A DaVita spokesperson did not return calls requesting comment.

But Burke said the company has no intention of trying to transition to a for-profit or public entity.

"It's just part of the mission and philosophy that we can better serve the patients with the company not feeling pressure from investment bankers or venture capitalists or being publicly traded," Burke said. "We're very patient-focused, and we deliver some of the best clinical outcomes in the country."

The company also has five facilities in Texas, and one each in New Jersey, Maryland, Indiana and Illinois.

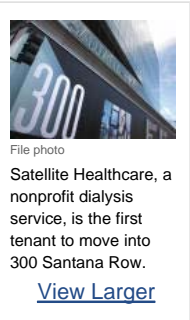
As the company plans its move this summer, it's also planning to expand its number of centers. Fremont, Menlo Park and San Jose all could see new centers in the coming months, and the company is negotiating with what a spokeswoman described as "hospital organizations" to develop further opportunities in the area.

Mark Branson, executive vice president of Satellite's dialysis services, said the unfortunate reality is there are more than enough patients to go around. The population of those with chronic kidney disease is increasing between 4 percent and 5 percent a year, he said.

National Kidney Foundation division president Christopher Kelley said Satellite is strong on educating its patients and their family members on the ins and outs of kidney disease and dialysis, and it is beginning to work on greater outreach with the population as a whole in an attempt to prevent more people from becoming patients.

"You can live on dialysis a long time, but the mortality rate is very high in the first year," Kelley said. "For those who are on it for chronic disease, it's an issue for the constraints it puts on their lives."

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File photo

Satellite Healthcare, a nonprofit dialysis service, is the first tenant to move into 300 Santana Row.

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