



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST, SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

BOARD MEETING: April 14, 2026	PROJECT NO: E-001-26	PROJECT COST:
FACILITY NAME: Franciscan Health Olympia Fields	CITY: Olympia Fields	Original: \$6,950,000
TYPE OF PROJECT: Exemption – Change of Ownership		HSA: VII

PROJECT DESCRIPTION: The Applicants (Franciscan Alliance, Inc., Franciscan Alliance, Inc. d/b/a Franciscan Health Olympia Fields, Olympia Fields Hospital, LLC., Prime Healthcare Services, Inc.) are asking the State Board to approve a change of ownership of Franciscan Health Olympia Fields, located at 20201 South Crawford Avenue, Olympia Fields, Illinois. The purchase price for Franciscan Health Olympia Fields is \$6,950,000. The expected completion date is **December 31, 2026.**

Information about this Application for Change of Ownership is available at this link:
<https://hfsrb.illinois.gov/project.e-001-26.html>.



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST, SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

STATE BOARD STAFF REPORT

Project #E-001-26

Franciscan Health Olympia Fields

I. Transaction

The Applicants (Franciscan Alliance, Inc., Franciscan Alliance, Inc. d/b/a Franciscan Health Olympia Fields, Olympia Fields Hospital, LLC, Prime Healthcare Services, Inc.) are requesting the State Board to approve a change of ownership for Franciscan Health Olympia Fields, located at 20201 South Crawford Avenue, Olympia Fields, Illinois. The purchase price for Franciscan Health Olympia Fields is \$6,950,000. The expected completion date is December 31, 2026.

The transaction is considered a purchase that results in the issuance of a license to an entity other than the current licensee. Olympia Fields Hospital, LLC will be the site's licensee and owner.

II. Reason for the Change of Ownership

Franciscan Alliance is selling Franciscan Health Olympia Fields to Prime Healthcare to ensure the hospital's long-term sustainability and strengthen healthcare access in the South Suburbs. Franciscan Health Olympia Fields is a Safety Net Hospital¹. The decision, announced in January 2026, follows a comprehensive review to find a partner capable of revitalizing the facility while maintaining its mission to serve the poor and vulnerable. Franciscan Health selected Prime Healthcare because of its proven ability to strengthen hospitals and its commitment to values-based care. Prime Healthcare focuses on acquiring facilities in financial distress to perform turnarounds. Franciscan Health Olympia Fields serves a high volume of Medicare and Medicaid patients, which often results in reimbursement rates that are lower than the actual cost of care. The sale allows Franciscan Health to exit the Illinois market—as Olympia Fields was its only hospital in the state—and focus on its core network in Indiana. As part of the deal, Prime has committed to a \$5 million philanthropic contribution to support Franciscan's expansion of medical education. Prime Healthcare has committed to offering employment to substantially all current hospital staff.

III. Public Hearing

The State Board conducted a public hearing on March 5, 2026. Twenty individuals were in attendance.

¹ **Criteria for safety-net hospital status:**

A Safety-net hospital is an Illinois hospital that:

(a) Is licensed by the Department of Public Health as a general acute care or pediatric hospital, and:

(b) Is a Disproportionate Share hospital, as described in Section 1923 of the federal Social Security Act, as determined by the Department, and:
Meets one of the following criteria:

(c) Has a Medicaid inpatient utilization rate (MIUR) of at least 40% and a charity percent of at least 4%, or:

(d) Has an MIUR of at least 50%

(e) Hospital is considered a Historical Safety Net Hospital per 305 ILCS 5/5-5e.1(c) and (c-5)

Criticism and concerns about Prime Healthcare's acquisition of Franciscan Health Olympia Fields focus on the company's past operational record in Illinois and its history of legal settlements. While Prime Healthcare presents the purchase as a mission-driven effort to revitalize a struggling facility, critics highlight several issues. They point to Prime's 2025 acquisition of eight Ascension hospitals, where it quickly removed services such as inpatient pediatric and obstetric care at some locations. Illinois Senators Dick Durbin and Tammy Duckworth previously called for answers regarding these service cuts, noting they happened despite Prime's initial assurances that no major changes were expected.

Unlike the Catholic-affiliated Franciscan Alliance, Prime is a for-profit network. There are ongoing concerns about whether the hospital will remain a non-profit or be converted to a for-profit status, which could affect community benefit programs and charity care.

Prime Healthcare and its CEO have settled major federal allegations in the past. These include a \$65 million settlement in 2018 for allegedly overbilling Medicare by "up-coding" diagnoses and admitting patients who only needed outpatient care. In 2021, the company paid \$37.5 million to resolve another set of allegations of False Claims Act violations involving kickbacks to physicians. While Prime has promised to offer jobs to "substantially all" current employees, the transition involved filing a WARN notice affecting over 1,500 workers, raising concerns about long-term job security and benefits. Early reports from recent Illinois acquisitions also suggest possible changes in insurance acceptance, with some patients being informed that certain providers may no longer be in-network.

Health Facilities Planning Act (20 ILCS 3960/6)

(b) The State Board shall establish by regulation the procedures and requirements for issuing exemptions. An exemption shall be approved when the information required by the Board by rule is submitted. Projects eligible for an exemption, rather than a permit, include, but are not limited to, a change of ownership of a healthcare facility and discontinuation of a category of service.

All the information required by the State Board has been submitted.

IV. Applicants

The **Franciscan Alliance** healthcare ministry began in Lafayette, Indiana, in 1875. Franciscan Alliance is one of the largest Catholic health care systems in the Midwest, with 12 hospital campuses and more than 19,000 employees. Hospitals include: Franciscan Health Carmel; Franciscan Health Crawfordsville; Franciscan Health Crown Point; Franciscan Health Dyer; Franciscan Health Indianapolis; Franciscan Health Lafayette; Franciscan Health Michigan City; Franciscan Health Mooresville; Franciscan Health Munster; Franciscan Health Olympia Fields (Illinois); Franciscan Health Orthopedic Hospital (Carmel); and Franciscan Health Rensselaer.

Prime Healthcare Services, Inc. was founded in 2001 by Dr. Prem Reddy, a physician with a mission to transform hospitals, improve community healthcare, and provide patients with the best care. Prime Healthcare Systems, Inc. owns 44 hospitals and more than 300

outpatient locations nationwide, including urgent care centers, ambulatory surgery centers, and specialty clinics. Prime Healthcare and the not-for-profit Prime Healthcare Foundation serve more than 600 communities across 14 states, employing nearly 45,000 people and affiliated physicians in Alabama, California, Florida, Georgia, Indiana, Kansas, Michigan, Missouri, Nevada, New Jersey, Ohio, Pennsylvania, Rhode Island, and Texas. (Source: Prime Healthcare Services, Inc, website)

In March 2025, Prime Healthcare Inc. and the Prime Healthcare Foundation acquired eight hospitals and two ambulatory surgical treatment centers from Ascension. The transaction included the former Ascension Saint Elizabeth Hospital in Chicago, whose services were discontinued and transferred to Saint Mary of Nazareth Hospital before the sale was finalized. The Saint Elizabeth facility is planned for repurposing as a community resource center.

The transaction also included the following post-acute, home health, and senior living facilities: Fox Knoll Village- Aurora, Villa Franciscan Place – Joliet, Heritage Village and Heritage Lodge - Kankakee, Resurrection Place – Park Ridge, Rainbow Hospice - Chicago, Ascension at Home Illinois – Joliet, and Ascension at Home Illinois- Kankakee.

TABLE ONE				
Prime Healthcare and Prime Healthcare Foundation Hospitals and ASTCs in Illinois				
Hospital		City	Star Rating	Beds
Resurrection Medical Center	For Profit	Chicago	4	305
Saint Mary of Nazareth Hospital	For Profit	Chicago	3	361
Holy Family Medical Center	For Profit	Des Plaines	NA	178
Saint Joseph Hospital	For Profit	Joliet	1	489
Saint Joseph Hospital	For Profit	Elgin	2	184
Mercy Medical Center	For Profit	Aurora	3	292
Saint Francis Hospital *	Not for Profit	Evanston	2	197
St. Mary's Hospital *	Not for Profit	Kankakee	4	182
Belmont/Harlem Surgery Center	For Profit	Chicago		
Presence Lakeshore Gastroenterology	For Profit	Des Plaines		

*Saint Frances Hospital and St. Mary's Hospital are members of Prime Healthcare Foundation.

The hospitals have retained their original names without Ascension branding. Ascension sold the hospitals to restructure operations, improve financial performance, and focus on outpatient care. The Chicago-area hospitals faced financial struggles and significant operational losses. The Illinois hospitals acquired by Prime Healthcare collectively lost nearly \$200 million in the year before the sale. At the end of this report, you will find the 2024 financial information for the former Ascension Hospitals.

Prime Healthcare's plans for the acquired Illinois hospitals focus on financial stabilization, significant investment in infrastructure and technology, and the maintenance of community services, including Catholic affiliations. Prime has agreed to continue charity care and community benefit programs, preserving the hospitals' role in serving vulnerable

populations. The company offered employment to substantially all associates (employees) from the former Ascension facilities. The hospitals will continue their affiliation with the Catholic Church and maintain Catholic traditions and spiritual care programs. While committed to maintaining services, Prime has faced criticism for reducing or suspending certain services at some locations, including specific pediatric and obstetric services, citing patient demand. Prime defends these changes, stating they are necessary to ensure the long-term viability of the hospitals and that the total investment will exceed its initial commitment. (Source: Prime Healthcare Website)

Prime has committed \$250 million for facility upgrades, capital improvements, and technology investments. Prime has already begun fulfilling this commitment, with funds allocated to advanced imaging equipment, surgical tools, and IT infrastructure. These investments include

1. Technology and Electronic Medical Records

The Applicants state Prime is undertaking a multi-million-dollar market-wide implementation of EPIC across all its Illinois facilities. The Applicants believe this significant investment will improve care coordination, clinical outcomes, operational efficiency, and the overall experience for patients, physicians, and staff. The Applicants state implementation of EPIC is foundational to Prime's broader quality transformation strategy and supports seamless integration across care settings.

2. Clinical Infrastructure and Equipment

The Applicants' state capital investments include significant upgrades to diagnostic and surgical capabilities. At Saint Joseph Medical Center in Joliet, Prime has invested over \$1 million in neurosurgical mapping and C-arm imaging technology, expanding the hospital's neurosurgery and spine care programs. Similar investments are being made across other facilities to enhance cardiology, orthopedics, emergency care, and outpatient services.

3. Workforce Retention and Growth

The Applicants state that Prime preserved nearly all 13,000 jobs after acquiring Ascension's Illinois operations and created more than 1,000 new jobs by insourcing key support services, including lab work and environmental support. Prime also established a new nonprofit medical group under the Foundation, enabling hundreds of physicians to remain employed while qualifying for federal loan-forgiveness programs. Hospitalist services, previously outsourced to a for-profit private equity firm, have been transitioned to the Foundation's nonprofit model, strengthening accountability and continuity of care.

4. Commitment to Service Line Realignment Based on Best Clinical Practices

Prime is aligning services with evidence-based quality standards, ensuring all service lines meet the minimum volume levels needed for high-reliability care. Prime has worked with EMS, the Illinois Department of Public Health (IDPH), and the Illinois Health Facilities and Services Review Board (HFSRB) to promote transparency, comply with regulations, and maintain open communication during each transition. Additionally, Prime has officially informed regulatory agencies of all major service reconfigurations and remains dedicated to ongoing engagement with local and state stakeholders.

V. Background of the Applicants

An applicant must demonstrate that they are fit, willing, and able, and have *the qualifications, background, and character to provide adequate healthcare services to the community*. [20 ILCS 3960/6]

Franciscan Health Olympia Fields maintains a two-star overall rating on the Medicare Compare Website. The Applicants have attested that no adverse action has been taken against any facility owned and operated by the Applicants during the three years before filing this Exemption Application. The Applicants have also authorized the State Board and the Illinois Department of Public Health to access any documents necessary to verify the information contained in the Exemption Application. The Applicants have demonstrated that they are fit, willing, and able, and that they have the qualifications, background, and character to provide an appropriate standard of healthcare services to the community.

VI. Health Service Area

Franciscan Health Olympia Fields is in the A-04 Hospital Planning Area. The A-04 Hospital Planning Area (HPA), which covers parts of South Chicago and suburban Cook County, has a projected population of approximately 1,180,604 in 2025 and 1,170,837 in 2030. Planning Area A-4 includes the City of Chicago community areas of West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park, as well as Cook County townships of Lemont, Stickney, Worth, Lyons, Palos, Calumet, Thornton, Bremen, Orland, Rich, and Bloom. There are seven hospitals in the A-04 Hospital Planning Area, with a calculated excess of 135 medical-surgical beds, 25 obstetric beds, a need for 10 intensive care beds, an excess of 61 AMI beds, and an excess of 75 rehab beds as of March 2026. Table Two shows the Hospitals in the A-04 Hospital Planning Area.

TABLE TWO Hospitals in the A-04 Hospital Planning Area			
Hospital Name	Location	Total Beds	Distance
Franciscan Health Olympia Fields	Olympia Fields	214	0.00
Advocate South Suburban Hospital	Hazel Crest	244	4.30
Ingalls Memorial Hospital	Harvey	485	7.60
Palos Community Hospital	Palos Heights	406	15.50
Advocate Christ Medical Center	Oak Lawn	794	18.30
OSF Little Company of Mary	Evergreen Park	274	18.50
Adventist LaGrange Memorial	LaGrange	186	27.90

VII. Hospital

Franciscan Health Olympia Fields is a 214-bed acute care hospital. Table Three shows the 2024 hospital utilization observation days (OB), Average Length of Stay (ALOS), Average Daily Census (ADC), and Occupancy (Occ). Table Four shows the number of patients by

payor source. Table Five shows the utilization of the emergency department, cardiac cath, and open heart services.

TABLE THREE 2024 Franciscan Health Olympia Fields Inpatient Utilization							
Service	Beds	Admits	Days	OB Days	ALOS	ADC	Occ %
Medical Surgical	157	7,018	31,720	6,719	5.48	105.31	67.08%
Intensive Care	31	606	5,695	31	9.45	15.69	50.61%
OB/GYN	12	979	2,520	150	2.73	7.32	60.96%
Rehabilitation	14	390	4,434	0	11.37	12.15	86.77%
	214						

TABLE FOUR 2024 Number of Inpatient and Outpatient by Payor Source				
Payor	Inpatient	% of Inpatient	Outpatient	% of Outpatient
Medicare	4,977	51.78%	98,056	33.63%
Medicaid	1,662	17.29%	36,686	12.58%
Other Public	50	0.52%	2,366	0.81%
Private Insurance	1,582	16.46%	87,594	30.04%
Private Pay	722	7.51%	35,568	12.20%
Charity Care	618	6.43%	31,293	10.73%
Total	9,611	100.00%	291,563	100.00%

TABLE FIVE	
Emergency Department	
Stations	48
Visits	47,376
Admitted	7,041
Outpatients	260,270
Cardiac Catheterization	
Labs	4
Procedures	1,039
Open Heart	
Procedures	41

V. Responses to Requirements for Change of Ownership

1130.520(b)(3) – If an ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year before the transaction.

Olympia Fields Hospital, LLC agrees that, for a period of two years following the closing of the Planned Transaction, it will not adopt a more restrictive charity care (financial assistance) policy than the policy in effect one year before the closing date of the Planned Transaction.

The Charity Care and Uninsured Patient Discount Policy currently in effect at the Hospital is provided beginning on page 75 of the Application for Change of Ownership.

1130.520(b)(4) – Anticipated Benefits to the Community

There should be no change to the Hospital's operations as a result of the proposed transaction.

1130.520(b)(5) – Anticipated or Potential Cost Savings

The planned transaction will create opportunities to enhance health care delivery and access to services in Prime's service area, leading to cost savings and other efficiencies that will help the Hospital better fulfill its mission and objectives. These opportunities will likely include efforts to integrate information technology and system-wide support functions to improve operational efficiency, as well as clinical integration to support strong performance in value-based initiatives that can improve outcomes while lowering the overall cost of care.

1130.520(b)(6) – Quality Improvement Program

A copy of the facility's quality improvement plan is provided beginning on page 87 of the Application for Exemption.

1130.520(b)(7) – Selection Process for Governing Body

The hospital governing body will remain in place, with 9 to 13 board members appointed by the Prime corporate board, composed of community members, faculty administration, and hospital leadership.

1130.520(b)(9) – Change to Scope of Service or Levels of Care

At this time, the Applicant's immediate priority is to stabilize operations, address financial underperformance, and invest in the facility's physical plant, digital infrastructure, and workforce to ensure continuity of care for patients and staff. The facility is currently experiencing sustained revenue losses that are significantly affecting its long-term viability, underscoring the urgency of these efforts.

The Applicant closely monitors community health needs, patient volumes, and service utilization. If data suggests the need for adjustments such as realigning service lines, making targeted reductions, or expanding programs and specialties, the Applicant will carefully evaluate these options in accordance with all applicable regulatory requirements. Any such actions will aim to strengthen the facility's financial and operational stability, improve patient access, and ensure services continue to meet the community's evolving needs. Ultimately, the Applicant's goal is to maintain operational stability while preparing the facility for responsible, sustainable growth. Over the next two years, efforts will focus

on modernization, increasing efficiency, and strategic reinvestment to restore the facility's health and uphold its vital role in the region.

VI. Purpose of the Transaction

Franciscan Alliance (Franciscan Health) entered into an asset purchase agreement to sell Franciscan Health Olympia Fields and Specialty Physicians of Illinois, LLC to Prime Healthcare in January 2026. The primary reasons for this sale include: Olympia Fields was the only Illinois facility in the Franciscan Health system, which otherwise concentrates in Northwest Indiana. Franciscan chose Prime after a comprehensive review process focused on finding a partner capable of ensuring the hospital's long-term viability. Franciscan leaders highlighted Prime's experience operating Catholic hospitals in Illinois and a shared commitment to serving vulnerable populations as key factors. Prime Healthcare has a business model specifically centered on acquiring and revitalizing struggling or distressed community hospitals. As part of the deal, Prime committed to:

- A \$5 million philanthropic contribution to support the expansion of Franciscan's medical education programs.
- Offering employment to "substantially all" current employees to maintain operations.
- Maintaining charity care and community benefit programs.

VII. Financial

Table Six shows the financial information for the Franciscan Health Olympia Fields for the years 2020-2024. Table Seven presents the financial information for Franciscan Alliance, Inc. and its Affiliates. Table Eight shows the financial information for Prime Healthcare Services, Inc.

TABLE SIX						
Franciscan Health Olympia Fields						
Franciscan St James Health	2020	2021	2022	2023	2024	Ave
Total Patient Revenue	\$1,185,952,401	\$1,227,220,628	\$1,190,073,767	\$1,337,126,997	\$1,495,434,654	\$1,287,161,689
Contractual Allowances	\$927,854,373	\$951,861,725	\$937,915,498	\$1,060,899,463	\$1,207,842,488	\$1,017,274,709
Net Patient Revenue	\$258,098,058	\$275,353,903	\$252,158,269	\$276,227,534	\$287,582,166	\$269,883,986
Operating Expense	\$313,365,748	\$351,624,533	\$333,133,254	\$380,848,880	\$364,319,155	\$348,658,314
Net Patient Income	-\$55,267,720	-\$76,265,680	-\$80,974,985	-\$104,621,346	-\$76,736,989	-\$78,773,344
Other Income	\$51,980,762	\$9,762,903	\$19,225,223	\$8,432,718	\$29,339,083	\$23,748,138
Other Expense	\$50,801,569	\$0	\$0	\$0	\$0	\$10,160,314
Net Income	-\$54,088,527	-\$66,502,777	-\$61,749,762	-\$96,188,628	-\$47,397,906	-\$65,185,520
Operating Margin	-21.41%	-27.70%	-32.11%	-37.88%	-26.68%	-29.19%

TABLE SEVEN Franciscan Alliance, Inc. and Affiliates As of December 31st, (in thousands) (audited)		
	2024	2023
Cash	\$64,740	\$99,924
Current Assets	\$1,048,335	\$991,282
Current Liabilities	\$791,208	\$709,167
Total Liabilities	\$2,212,746	\$2,261,235
Net Patient Service Revenue	\$3,547,162	\$3,404,706
Net Revenue	\$3,936,307	\$3,778,044
Operating Expenses	\$3,925,297	\$3,713,572
Income from Operations	\$2,939	\$10,941
Excess of Revenue over expenses	\$278,551	\$311,553

TABLE EIGHT Prime Healthcare Services, Inc and Subsidiaries As of December 31st (in millions) (audited)		
	2024	2023
Cash	\$484	\$320
Current Assets	\$2,091	\$1,872
Current Liabilities	\$1,117	\$998
Total Liabilities	\$2,667	\$2,639
Net Patient Service Revenue	\$4,123	\$3,841
Net Revenue	\$4,420	\$4,127
Operating Expenses	\$4,121	\$3,973
Income from Operations	\$299	\$154
Net Income	\$95	\$100