



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET ITEM: C-01	BOARD MEETING: July 24, 2018	EXEMPTION NUMBER: E-035-18
EXEMPTION APPLICANT(S): Loyola University Medical Center, Palos Health Surgery Center, LLC and Trinity Health Corporation.		
FACILITY NAME and LOCATION: Palos Health Surgery Center, Orland Park		

STATE BOARD STAFF REPORT
CHANGE OF OWNERSHIP EXEMPTION REQUEST

I. The Exemption Application

The Applicants propose a change of ownership of a health care facility Palos Heath Surgery Center, 12251 South 80th Avenue, Orland Park, Illinois (#E-035-18). The Applicants are Loyola University Medical Center, Palos Health Surgery Center, LLC and Trinity Health Corporation. The licensee will be Palos Health Surgery Center, LLC and Palos Community Hospital is the owner of the site.

South Campus Partners, Inc. was formed as a joint venture between Palos Health and Loyola Medicine in 2017. South Campus Partners, Inc has operational control of Palos Health Surgery Center, LLC. Currently South Campus Partners, Inc is the sole member of Palos Health Surgery Center, LLC. At the close of this transaction Loyola University Medical Center will wholly own South Campus Partners, Inc. and therefore have operational control of the facility. The fair market value of the transaction is approximately \$13,216,496. The anticipated completion date is upon approval of the State Board. This exemption application was called complete on **June 26, 2018**.

The exemption is before the State Board because the transaction is a change in control of a health care facility resulting in no change in the licensee/operating entity.

II. Background

Palos Health Surgery Center was approved in March of 2016 by the State Board at a cost of \$13.2 million (Permit #16-059). The permit was obligated on April 13, 2018. Palos Health Surgery Center will consist of four (4) Class C Operating Rooms, sixteen (16) recovery stations, and support/administrative and public spaces. The 15,440 GSF ASTC will be located in the medical office building approved as Permit #16-001. The surgery center will be providing Gastroenterology, General Surgery, Obstetric/Gyn., Ophthalmology, Oral/Maxillofacial, Orthopedic, Otolaryngology, Plastic Surgery, Pain Management, Podiatry, and Urology surgical specialties.

The Applicants stated at the time of the approval of the ASTC that *“The project is a collaboration between Palos Community Hospital (“Palos”) and Loyola University Health System (“Loyola”). It will allow both hospitals to reposition outpatient surgical services closer to patients’ homes and lower the cost of services (Medicare payment rates for hospital surgical services are between 181% and 243% of surgical center rates for the same procedures). Approximately 94.4% of the cases at the proposed surgery center will be transferred from Palos and Loyola facilities.”*

III. **Applicable Rules**

The Illinois Health Facilities Planning Act defines a change of ownership as

“ . . . a change in the person who has ownership or control of a health care facility’s physical plant and capital assets. A change in ownership is indicated by the following transactions: sale, transfer, acquisition, lease, change of sponsorship or other means of transferring control.”

The State Board’s rule (77 IAC 1130.500 & 77 ILAC 1130.520) specifies the requirements necessary for a change of ownership exemption application to be filed with the State Board. The State Board may, by rule, delegate authority to the Chairman to grant permits or exemptions when applications meet all of the State Board's review criteria and are unopposed [20 ILCS 3960/5]. An exemption shall be approved when information required by the Board by rule is submitted [20 ILCS 3960/6].

The State Board Staff Notes: No support or opposition letters were submitted and there was no request for a public hearing. All of the requirements of the State Board have been met.

STATE BOARD STAFF FINDS THE EXEMPTION FOR CHANGE OF OWNERSHIP IN CONFORMANCE WITH CRITERIA (77 ILAC 1130.500 & 77 ILAC 1130.520)