



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET ITEM: C-05	BOARD MEETING: July 24, 2018	EXEMPTION NUMBER: E-039-18
EXEMPTION APPLICANT(S): Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center, AmSurg Holdings, Inc., Envision Healthcare Corporation, and Enterprise Parent Holdings Inc.		
FACILITY NAME and LOCATION: Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center		

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 Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center a single specialty ASTC located at 9921 Southwest Highway, Oak Lawn, Illinois (#E-039-18). The Applicants are Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center, AmSurg Holdings, Inc., Envision Healthcare Corporation, and Enterprise Parent Holdings Inc. The licensee and operating entity is Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center and the owner of the site is 9905-21 Venture LLC. The fair market value of the transaction is \$41,802,873. The anticipated project completion date is October 8, 2018.

The Exemption Application was called complete on June 29, 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

Envision Healthcare Corporation entered into a definitive agreement to be acquired by global investment firm KKR in an all-cash transaction for approximately \$9.9 billion, including the assumption or repayment of debt. Under the terms of the agreement, KKR will acquire all of the outstanding shares of Envision's common stock for \$46.00 per share in cash.

Envision Healthcare Corporation is the nation's largest physician staffing firm with approximately 25,000 physicians and other medical practitioners who staff hospital departments, including the emergency room, radiology, anesthesiology and neonatology. The company is the product of a 2016 merger with Nashville-based staffing company and ambulatory surgery center operator Amsurg. Envision owns more than 250 outpatient surgery centers.

KKR (formerly Kohlberg Kravis Roberts & Co) is a leading global investment firm that manages multiple alternative asset classes, including private equity, growth equity, energy, infrastructure, real estate and credit, with strategic manager partnerships that manage hedge funds.

Envision is, and will continue to be after the completion of the Proposed Transaction, the one hundred percent (100%) owner of AmSurg Holdings, Inc., a Delaware corporation that owns 51% of Oak Lawn IL Endoscopy ASC, LLC, d/b/a Oak Lawn Endoscopy Center. The remaining forty-nine percent (49%) is owned by participating physicians, either individually or collectively as a separate limited liability company. AmSurg and

the participating physicians will maintain the same ownership interest in the ASTCs after the Proposed Transaction.

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)