



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM NUMBER: C-06	BOARD MEETING: March 5, 2019	PROJECT NUMBER: #E-062-18
BUSINESS ITEM: Relinquishment of Exemption		
APPLICANTS: Soderstrom Dermatology Center, S.C., Dermatologists of Central States, LLC, MedPro Advantage, LLC, Michael P. Conroy, M.D. and John C. Moad, M.D. Store Master Funding XII, LLC		
REQUESTING ENTITY / LOCATION: Peoria Ambulatory Surgery Center, Peoria, Illinois		

STATE BOARD STAFF REPORT RELINQUISHMENT OF EXEMPTION

I. Background

On January 15, 2019, the Illinois Health Facilities and Services Review Board (State Board) approved a change of ownership for Peoria Ambulatory Surgery Center, 4909 N. Glen Park, Peoria, Illinois. The purchase price of the transaction was \$2,000,000.

II. Reasons for Relinquishment

On February 15, 2019 the State Board received a request to relinquish the exemption permit. The exemption holders stated *“As a result of an unforeseen change in circumstances, the parties have arrived at the conclusion that it would not be in the best interest of the parties to complete the transaction changing ownership of the ASTC as described in the key terms submitted with our application. Our request to relinquish the exemption permit associated with the Project is unrelated to patient care, and we are happy to report that the facility will continue to provide services to meet the medical needs of the community.”*

III. Section 1130.580 - Relinquishment of an Exemption

The holder of an HFSRB exemption may request to withdraw that exemption. The relinquishment request requires an application to and approval by HFSRB for relinquishment. Upon approval of relinquishment by HFSRB, the exemption is considered null and void. Requests for relinquishment shall be considered only for exemptions that are current and valid. Requests shall be filed with HFSRB prior to the completion date of the exemption.

- a) **Relinquishment Procedure**
The permit holder shall notify HFSRB in writing, prior to the execution of the withdrawal of a project. The notice shall include:
 - 1) A description of the exemption and related costs;
 - 2) A detailed explanation of the reasons for relinquishment; and
 - 3) If the approval of the permit or exemption was based upon need, an explanation of how that need will be met in absence of the project.
- b) HFSRB staff shall review the request for relinquishment and prepare a report of its findings. HFSRB staff findings and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, shall approve the request or refer it to the full Board for action. The approval or denial of a request for relinquishment constitutes HFSRB's final administrative decision.
- c) Upon approval of a request for relinquishment, HFSRB staff shall adjust all inventories accordingly.

- d) Decisions on requests for relinquishment shall be transmitted in writing to the exemption holder.
- e) Any relinquishment undertaken without prior HFSRB approval shall be considered a violation of the Act and shall be subject to the sanctions and penalties in the Act (see 20 ILCS 3960/14.1) and in Section 1130.790.
- f) A request for relinquishment shall be assessed an application-processing fee of \$1,000 (see Section 1130.230(h)(8)(B)).

IV. Staff Recommendation

An exemption holder desiring to relinquish an exemption is required to submit to the State Board a letter documenting: The exemption holder shall notify HFSRB in writing, prior to the execution of the withdrawal of a project. The notice shall include:

- 1) A description of the exemption and related costs;
- 2) A detailed explanation of the reasons for relinquishment; and
- 3) If the approval of the permit or exemption was based upon need, an explanation of how that need will be met in absence of the project.

The exemption holders have provided all of the information required by the State Board.

THE STATE BOARD STAFF FINDS THE PROPOSED RELINQUISHMENT EXEMPTION TO BE IN COMPLIANCE WITH CRITERION RELINQUISHMENT OF A EXEMPTION (77 IAC 1130.580)



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February 13, 2019

RECEIVED

VIA FEDEX

Courtney Avery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761

FEB 15 2019

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Peoria Ambulatory Surgery Center, HFSRB Project #E-062-18, Request to Relinquish Exemption Permit

Dear Ms. Avery:

On behalf of the Permit Holders for the above referenced project, Soderstrom Dermatology Center, S.C., Dermatologists of Central States, LLC, MedPro Advantage, LLC, Store Master Funding, XII, LLC, Michael P. Conroy, M.D. and John C. Moad, M.D. we respectfully request to relinquish the exemption permit associated with HFSRB Project #E-062-18 pursuant to Ill. Admin. Code Section 1130.580.

Description of Permit and Related Costs:

On January 15, 2019, the Illinois Health Facilities and Services Review Board (“HFSRB”) approved the Permit Holders’ application for a change of ownership of the Peoria Ambulatory Surgery Center (“ASTC”) The facility is located at 4909 N. Glen Park, Peoria, Illinois 61614. The ASTC is currently owned by Soderstrom Dermatology Center, S.C. (“SDC”) which is wholly owned by Carl W. Soderstrom, M.D.

The exemption permit application called for two individual physicians, John C. Moad, M.D. and Michael P. Conroy, M.D. to obtain a controlling interest in SDC, and thereby a controlling interest in the ASTC. Dr Soderstrom was to retain a minority interest in the ASTC. Upon the closing of the change of ownership, the ASTC was to continue operating without any change in its license. The proposed purchase price for ASTC was \$2,000,000.

We have also included a copy of the permit letter issued by the HFSRB to the Permit Holders appended as **EXHIBIT A**.

Reasons for Relinquishment:

As a result of an unforeseen change in circumstances, the parties have arrived at the conclusion that it would not be in the best interest of the parties to complete the transaction changing ownership of the ASTC as described in the key terms submitted with our application. Our request to relinquish the exemption permit associated with the Project is unrelated to patient care, and we are happy to report that the facility will continue to provide services to meet the medical needs of the community.

Rational for Request:

The application was not filed nor was the Board's approval for this exemption permit based upon need. As previously mentioned in this letter and consistent with our representations before the Board there will be no changes in the categories of service offered to the community at the ASTC. The facility is open now and will continue to operate.

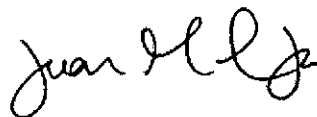
Dr. Soderstrom who has served the community for the past 40 years will continue to evaluate other options in the future and thanks the Board and their staff for their time and efforts with regard to this application. It is out of respect for the Board and its process that this initial application was filed and that this relinquishment is presented. Should circumstances justify reappearing before the Board again, it is important to each of the applicants that they are able to do so having evidenced respect for the Board and its processes.

A check in the amount of \$1,000 payable to Illinois Department of Public Health for the application processing fee is being sent under different cover.

If you should have any questions please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com, you can also contact my colleague Mark J. Silberman at 312-212-4952 or via email at MSilberman@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Juan Morado, Jr.

JMJ



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February 14, 2019

VIA HAND DELIVERY

Courtney Avery
Board Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761

Re: Peoria Ambulatory Surgery Center, HFSRB Project #E-062-18, Request to Relinquish Exemption Permit Fee

Dear Ms. Avery:

We represent the Permit Holders for the above referenced project, Soderstrom Dermatology Center, S.C., Dermatologists of Central States, LLC, MedPro Advantage, LLC, Store Master Funding, XII, LLC, Michael P. Conroy, M.D. and John C. Moad, M.D. Enclosed please find a check in the amount of \$1,000 payable to Illinois Department of Public Health for the application processing fee. The request for relinquishment is being sent under a different cover.

If you should have any questions please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com, you can also contact my colleague Mark J. Silberman at 312-212-4952 or via email at MSilberman@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
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Juan Morado, Jr.

JMJ