



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: C-04	BOARD MEETING: January 15, 2019	EXEMPTION NUMBER: E-064-18
EXEMPTION APPLICANT(S): Rush Oak Brook Orthopaedic Center, LLC, Rush System for Health, Rush University Medical Center, and Midwest Orthopaedics at Rush, LLC		
FACILITY NAME and LOCATION: Rush Oak Brook Orthopaedic Center, Oak Brook, Ill.		

STATE BOARD STAFF REPORT
CHANGE OF OWNERSHIP EXEMPTION REQUEST

I. The Exemption Application

The Applicants (Rush Oak Brook Orthopaedic Center, LLC, Rush System for Health, Rush University Medical Center, and Midwest Orthopaedics at Rush, LLC) propose a change of control of the real estate housing a health care facility (Rush Oak Brook Surgery Center). The operating entity and the owner of the site is Rush Oak Brook Orthopaedic Center, LLC. The fair market value of the medical clinics buildings is \$65,341,612. The cost associated with developing the medical clinics building is \$49,846,054. Rush University Medical Center will be responsible for an additional cash contribution of \$747,691. This transaction is considered a change in control of the capital assets (real estate) housing a health care facility with no change in the licensee which is Rush Oak Brook Surgery Center, LLC. The expected completion date is April 15, 2019.

II.

Currently Rush Oak Brook Orthopaedic Center, LLC has an ownership structure under which Rush University Medical Center, through a wholly-owned subsidiary Rush Oak Brook, LLC, holds a 50% ownership interest, and Midwest Orthopaedics at Rush, LLC, through wholly-owned subsidiary MOR West Suburban RE Ventures, LLC, holds a 50% ownership interest in Rush Oak Brook Orthopaedic Center, LLC. This change of ownership will allow Rush University Medical Center, through Rush Oak Brook, LLC, to hold a 65% ownership interest, and Midwest Orthopaedics at Rush, LLC, through MOR West Suburban RE Ventures, LLC, to hold a 35% ownership interest in Rush Oak Brook Orthopaedic Center, LLC.

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)

TABLE ONE

	Charity Care		
	2015	2016	2017
<u>Rush University Medical Center</u>			
Net Patient Revenue	\$1,081,808,000	\$1,170,781,000	\$1,211,537,000
Amount of Charity Care (charges)	\$82,761,047	\$789,396,404	\$81,830,055
Cost of Charity Care	\$20,805,851	\$19,934,173	\$21,603,793
% of Charity Care to Net Revenue	1.92%	1.70%	1.78%
<u>Rush Oak Park Hospital</u>			
Net Patient Revenue	\$123,499,000	\$131,233,000	\$137,305,456
Amount of Charity Care (charges)	\$10,512,470	\$11,366,142	\$11,893,094
Cost of Charity Care	\$2,528,249	\$2,763,906	\$2,796,890
% of Charity Care to Net Revenue	2.05%	2.11%	2.04%
<u>Rush-Copley Medical Center</u>			
Net Patient Revenue	\$328,293,000	\$335,283,000	\$344,619,000
Amount of Charity Care (charges)	\$25,701,899	\$25,987,076	\$27,404,717
Cost of Charity Care	\$4,393,509	\$4,548,664	\$4,965,373
% of Charity Care to Net Revenue	1.34%	1.36%	1.44%
<u>Rush SurgiCenter - Professional Building</u>			
Net Patient Revenue	\$18,220,312	\$21,811,265	\$24,329,587
Amount of Charity Care (charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0
% of Charity Care to Net Revenue	0.00%	0.00%	0.00%

E-064-18 Rush Oak Brook Orthopaedic Center - Oak Brook

