
Michael McKevitt

To: April Simmons JD, General Counsel, Health Facilities and Services
Review Board

Michael Constantino, Administrator, Illinois Health Facilities and Services
Review Board

From: Michael McKevitt

Re: REVISED Peoria Day Surgery Center – Public Hearing 2/15/2022

I am the employed business broker for Peoria Day Surgery Center, PC ("PDSC") and PDSC Recovery Care Center. Both the surgery center and recovery care center are community assets that need to be preserved. In its history Peoria Day has provided care to over 75,000 (approx.) patients and is only one (of two) freestanding surgery centers designated as multispecialty in Peoria County the other multispecialty surgery center being the Center for Health (CFH) which contracted to purchase Peoria Day Surgery Center last year through a court-approved process and a finalized Asset Purchase Agreement. In December 2021, Center for Health terminated the Asset Purchase Agreement and the related sale just a few days before the scheduled closing date. The reason given by CFH for its termination of the sale was its inability to finalize a lease agreement -- which CFH reported to the court a week prior was very close -- and not for any of the objections it currently raise and which were delineated by CFH leadership during the 2/15/2022 public hearing that was requested by Center for Health.

In calling for a public hearing CFH's leadership provided testimony that PDSC believes needs to be clarified. This includes but is not limited to the following comments:

1. Center for Health (Bankruptcy Court approved competitive auction) was the prevailing bidder to purchase PDSC in March 2021. In anticipation of closing on

a transaction, CFH filed the required Certificate of Exemption for approval in the Change in Ownership. The COE was approved 7/29/2021 E01621. CFH filed for an expedited review of its application and PDSC subsequently anticipated a prompt closing without a disruption of service.

2. On five different occasions Center for Health rescheduled/postponed closing on a transaction. The continual delay in closing proved detrimental in retaining both staff and physician confidence and made it extremely difficult to consistently staff the facility. During the same period of negotiations Center for Health solicited and recruited several Peoria Day physicians to its existing center and partnership.

3. In regard to Peoria Day's physical plant, we report that the surgery center is currently licensed and accredited (AAAH review August 2021). The surgery center and recovery care center are housed in a larger medical office building that is owned by a group of local physicians. Peoria Day's place of operation is admittedly an older facility that is in need of redecorating etc. Redecorating and maintenance issues would be resolved with Springfield Clinic's plan to purchase the real estate associated with the medical office building which would include the surgery center as a tenant.

4. A decision to temporarily suspend PDSC operations was made to provide CFH's consultants and engineers untethered access to the facility to thoroughly inspect the facility as part of its due diligence in anticipation of an expedited closing. In withdrawing its proposal and the related path to profitability PDSC leadership had to decide if further investment in the facility would be fiscally responsible until such time as a new owner was identified and secured.

5. Center for Health withdrew from negotiations and surrendered the previously approved Certificate of Exemption 1/4/2022. PDSC and CFH subsequently entered into a mutual release regarding the non-completed transaction, with court approval. At the January 11, 2022 Court hearing (BK) the attorney for CFH reported to the court that it (CFH) did not seek to delay the transaction with Springfield Clinic. A subsequent (BK) hearing on PDSC's proposed sale to Springfield Clinic was held on February 15, 2022. Center for Health did not file any objection with the court and did not appear at the hearing. For the record, on 2/16/2022 the Bankruptcy Court approved the proposed sale of Peoria Day Surgery Center PC to Springfield Clinic pending IHFSRB approval and the closing of the transaction.

6. Center for Health leadership reported that PDSC did not file the required notice upon suspending its operations. This is inaccurate. Peoria Day leadership filed notice as to suspension of service with IHFSRB on 1/24/22. A

disruption that was the result of CFH not closing on the initial transaction in a timely manner. The required 30 day update will be forwarded under separate email on, or before 2/24/2022.

6. Center for Health leadership commented on the timeliness in which proposed remodeling of the facility would take place. The timeline associated with remodeling the facility is predicated on the date of closing. A closing that has been delayed only because of Center for Health's (OSF) effort to obstruct Springfield Clinic's entry into the Peoria service area, and no other reason.

Please contact me if there are questions, or if I can be of assistance.

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