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:	BOARD MEETING:	EXEMPTION NUMBER:
C-10	October 30, 2018	E-052-18
EXEMPTION APPLICANT(S): SRC Hospital Investments II, LLC, Pipeline – Westlake Hospital d/b/a VHS Westlake Hospital, VHS Westlake Hospital, Inc. and Tenant Healthcare Corporation		
FACILITY NAME and LOCATION: VHS Westlake Hospital, Melrose Park, Illinoia		

STATE BOARD STAFF REPORT
CHANGE OF OWNERSHIP EXEMPTION REQUEST

I. The Exemption Application

The Applicants (SRC Hospital Investments II, LLC, Pipeline – Westlake Hospital d/b/a VHS Westlake Hospital, VHS Westlake Hospital, Inc. and Tenant Healthcare Corporation) propose a change of ownership of a 100% interest in VHS Westlake Hospital a 230-bed acute care hospital. VHS Westlake Hospital is located at 1225 Lake Street, Melrose Park, Illinois (#E-052-18). The operating entity licensee will be Pipeline – Westlake Hospital, LLC d/b/a VHS Westlake Hospital and the owner of the site is Westlake Property Holdings, LLC. The expected completion date is November 1, 2018. This transaction is considered a purchase resulting in a change in the current licensee.

Under the terms of the Purchase Agreement, SRC Hospital Investment II, LLC will be acquiring VHS West Suburban Medical Center, VHS Westlake Hospital and Louis B. Weiss Memorial Hospital and certain assets used in connection with the operation of the Hospitals, from Tenet, VHS, and related entities, for Seventy Million Dollars ($70,000,000), subject to adjustments for working capital and capital expenditures.

This change of ownership is before the State Board because the Applicants are proposed a change in control of a health care facility.

II. 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].

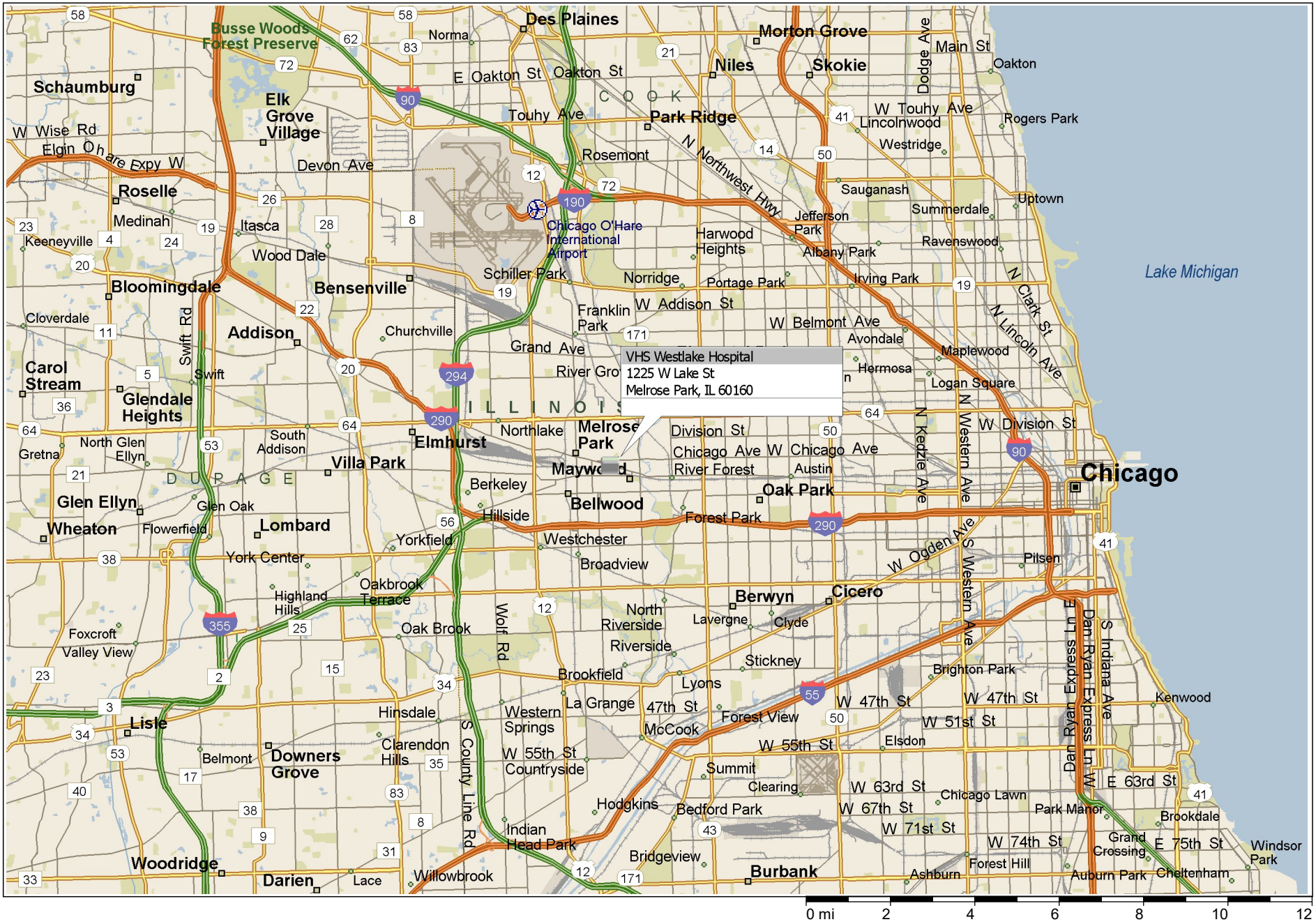
An exemption shall be approved when information required by the Board by rule is submitted [20 ILCS 3960/6].

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.

VHS Westlake Hospital			
Charity Care	2014	2015	2016
Net Patient Revenue	$64,675,562	$62,173,230	$62,009,902
Cost of Charity Care	$914,730	$768,735	$902,016
Ratio of Charity Care to Net Patient Revenue	1.41%	1.24%	1.45%

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

E-052-18 VHS Westlake Hospital - Melrose Park



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