



STATE OF ILLINOIS  
**HEALTH FACILITIES AND SERVICES REVIEW BOARD**

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<b>DOCKET ITEM:</b> C-01	<b>BOARD MEETING:</b> December 4, 2018	<b>EXEMPTION NUMBER:</b> E-058-18
<b>EXEMPTION APPLICANT(S):</b> Fresenius Medical Care Holdings, Inc. and NxStage Oak Brook, LLC d/b/a NxStage Oak Brook		
<b>FACILITY NAME and LOCATION:</b> NxStage Oak Brook, LLC d/b/a NxStage Oak Brook		

**STATE BOARD STAFF REPORT**  
**CHANGE OF OWNERSHIP EXEMPTION REQUEST**

**I. The Exemption Application**

The Applicants (Fresenius Medical Care Holdings, Inc. and NxStage Oak Brook, LLC d/b/a NxStage Oak Brook) propose a change of ownership of an 8-station ESRD facility located at 1600 W.16<sup>th</sup> Street, Oak Brook, Illinois. The operating entity will be NxStage Oak Brook, LLC d/b/a NxStage Oak Brook and the owner of the site is Oaks Improvement, LLC. This transaction is considered a merger resulting in no change in the operating entity. The anticipated project completion date is December 31, 2018.

This is a nationwide transaction. Fresenius Medical Care Holdings, Inc. is acquiring all the outstanding shares of NxStage Medical, Inc. via a merger of its wholly-owned subsidiary, Broadway Renal Services, Inc., with and into NxStage Medical, Inc. NxStage Medical, Inc., is the indirect owner of 51% of the equity interest of NxStage Oak Brook, LLC. At the closing of the merger Fresenius Medical Care Holdings, Inc. will be the indirect owner of 51% of the equity interest of NxStage Oak Brook, LLC. The facility will do business as Fresenius Kidney Care Oak Brook at the close of the merger.

This transaction is considered a change of ownership of a health care facility that is considered a purchase resulting in no change in the operating entity.

**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.

**Fresenius Medical Care Illinois Facilities  
Charity Care (Self-Pay)**

Year	2014	2015	2016	2017
Net Revenue	\$411,981,839	\$438,247,352	\$449,611,441	\$460,678,799
Charity (self-pay) Cost	\$5,211,664	\$3,204,986	\$3,269,127	\$4,552,654
% of Charity Care to Net Rev.	1.27%	0.73%	0.07%	0.99%

**Note:** As a for-profit corporation Fresenius does not provide charity care per the Boards definition. Numbers reported are self-pay. Self-pay balances are written off to bad debt. Medicare may reimburse a portion of bad debt as part of cost reporting.

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

# E-058-18 NxStage Oak Brook, Oak Brook

