



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-05	BOARD MEETING: January 15, 2019	EXEMPTION NUMBER: E-065-18
EXEMPTION APPLICANT(S): Rush Oak Brook Surgery Center, LLC, Rush System for Health, Rush Oak Brook ASC, LLC, MOR Oak Brook ASC, LLC, Rush University Medical Center, Midwest Orthopaedics at Rush, LLC, UA Oak Brook ASC, LLC, and University Anesthesiologists, S.C		
FACILITY NAME and LOCATION: Rush Oak Brook Surgery Center, Oak Brook, Ill.		

STATE BOARD STAFF REPORT
CHANGE OF OWNERSHIP EXEMPTION REQUEST

I. The Exemption Application

The Applicants (Rush Oak Brook Surgery Center, LLC, Rush System for Health, Rush Oak Brook ASC, LLC, MOR Oak Brook ASC, LLC, Rush University Medical Center, Midwest Orthopaedics at Rush, LLC, UA Oak Brook ASC, LLC, and University Anesthesiologists, S.C.) propose a change in ownership of a health care facility Rush Oak Brook Surgery Center, 2011 York Road, Oak Brook, IL (E-065-17). The licensee/operating entity is Rush Oak Brook Surgery Center, LLC and the owner of the site is Rush Oak Brook Orthopaedic Center, LLC.

This change of ownership is the result of two proposed changes to the ownership structure of Rush Oak Brook Surgery Center, LLC. Rush Oak Brook Surgery Center, LLC currently has an ownership structure under which Rush University Medical Center, through its wholly-owned subsidiary, Rush Oak Brook ASC, LLC, holds a 50% ownership interest, and Midwest Orthopaedics at Rush, LLC through its wholly-owned subsidiary, MOR Oak Brook ASC, LLC, holds a 50% interest in the Rush Oak Brook Surgery Center, LLC.

This transaction proposes that Rush Oak Brook ASC, LLC ownership interest in the Rush Oak Brook Surgery Center, LLC be reduced to 25% and MOR Oak Brook ASC, LLC, ownership interest in the Rush Oak Brook Surgery Center, LLC would increase to 70%, with 5% to be owned by UA Oak Brook ASC, LLC. MOR Oak Brook ASC, LLC is currently a wholly-owned subsidiary of Midwest Orthopaedics at Rush, LLC. This change of ownership proposes that MOR Oak Brook ASC, LLC be owned by certain physician members of Midwest Orthopaedics at Rush, LLC that anticipate performing procedures at the ASTC and that Midwest Orthopaedics at Rush, LLC itself, would cease to be an owner in MOR Oak Brook ASC, LLC and indirectly in Rush Oak Brook Surgery Center, LLC. This transaction is considered a corporate restructuring resulting in no change in the licensee/operating entity. The cost of this transaction is \$284,200 which reflects the increase in the ownership percentage (70%) of MOR Oak Brook ASC, LLC in the licensee and the 5% ownership of the licensee by UA Oak Brook ASC, LLC. The cost of Rush Oak Brook Surgery Center, LLC remains unchanged from the approved amount of \$21,766,530. The anticipated project completion date is April 15, 2019.

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.

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

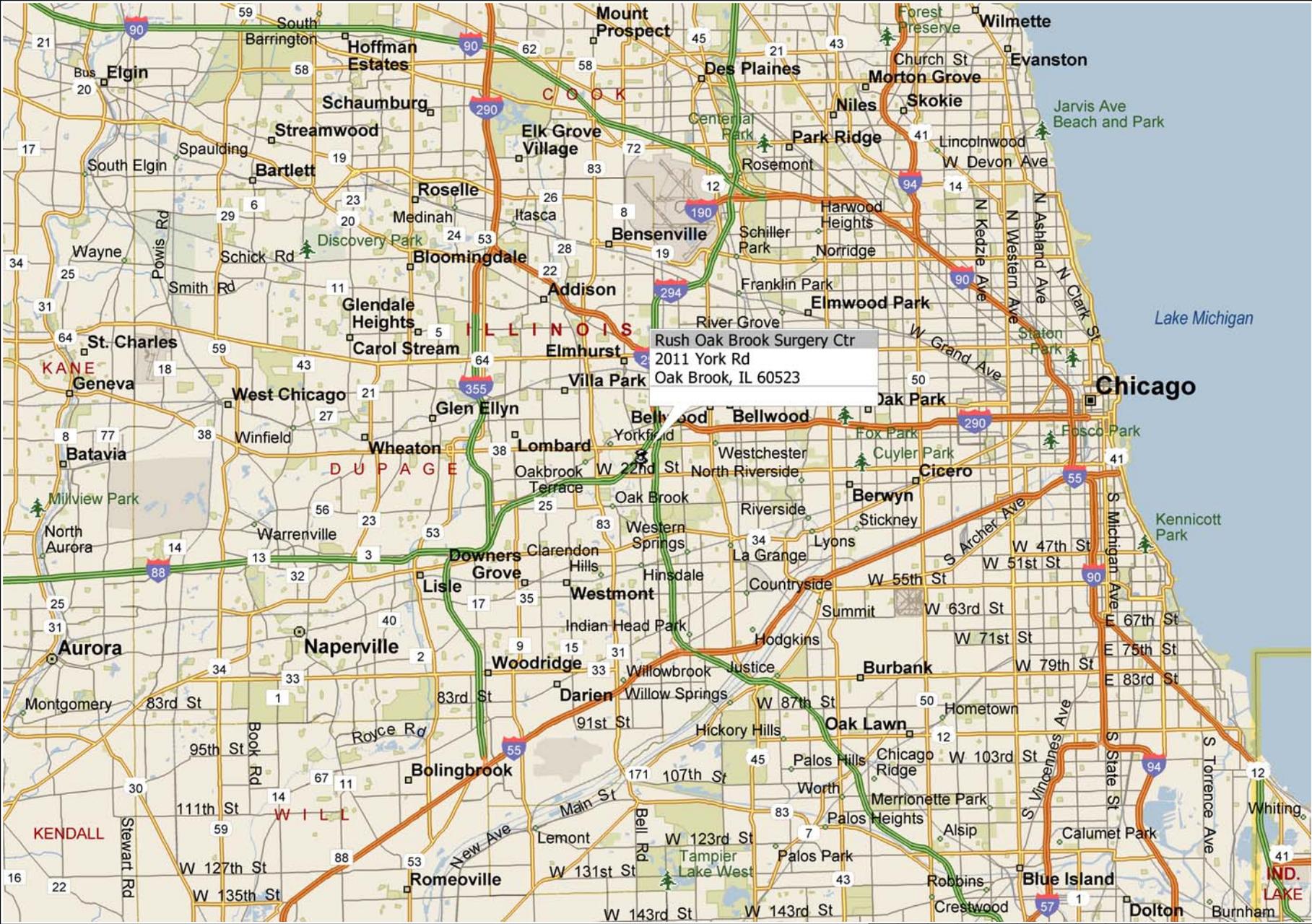
TABLE ONE

	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>	2015	2016	2017
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-065-18 Rush Oak Brook Surgery Center - Oak Brook



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