

ILLINOIS HEALTH FACILITIES PLANNING BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

ORIGINAL

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MAR 09 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

E-004-11

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name: Loyola University Medical Center Outpatient Dialysis Center

Address: 2160 South 1st Avenue

City: Maywood, Illinois Zip Code: 60153 County: Cook

Name of current licensed entity for the facility: Loyola University Medical Center

Does the current licensee: own this facility Yes OR lease this facility _____ (if leased, check if sublease)

Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship

Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental

_____ Limited Liability Company _____ Other, specify _____

Illinois State Senator for the district where the facility is located: Sen. Kimberly A. Lightford

State Senate District Number: 4 Mailing address of the State Senator: 10001 West Roosevelt Road, Suite 202, Westchester, Illinois 60154

Illinois State Representative for the district where the facility is located: Rep. Karen A. Yarbrough

State Representative District Number: 7 Mailing address of the State Representative: 2305 West Roosevelt Road, Broadview, Illinois 60155

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No . If yes, refer to Section 1130.520(f), and indicate the projects by Project #: _____
3. **FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE** (Complete "APPENDIX A" attached to this application)
4. **FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100** (Complete "APPENDIX A" attached to this application)
5. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant: Trinity Health Corporation
Address: 27870 Cabot Drive
City, State & Zip Code: Novi, Michigan 48377
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
 Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____
6. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed: The license will continue to be held by Loyola University

Medical Center as the proposed transaction involves a membership substitution.

Address: 2160 South 1st Avenue, Maywood, Illinois 60153

Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship

Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental

_____ Limited Liability Company _____ Other, specify _____

7. **BUILDING/SITE OWNERSHIP.** NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY
Exact Legal Name of Entity That Will Own the Site: The building(s) will continue to be owned by Loyola University
Medical Center as the proposed transaction involves a membership substitution.
Address: 2160 South 1st Avenue, Maywood, Illinois 60153
Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
 Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

- 8. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:**
1. Purchase resulting in the issuance of a license to an entity different from current licensee;
 2. Lease resulting in the issuance of a license to an entity different from current licensee;
 3. Stock transfer resulting in the issuance of a license to a different entity from current licensee;
 4. Stock transfer resulting in no change from current licensee;
 5. Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
 6. Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
 7. Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
 8. Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
 9. Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
 10. Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
 11. Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"
- 9. APPLICATION FEE.** Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.
- 10. FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2**.
- 11. ANTICIPATED ACQUISITION PRICE:** \$175,000,000 (See Explanatory Note 11 in the COE Application for Foster G. McGaw Hospital-Loyola University Medical Center ("LUMC") for additional information)
- 12. FAIR MARKET VALUE OF THE FACILITY:** \$175,000,000 (See Explanatory Note 12 in the LUMC COE Application for additional information)
(to determine fair market value, refer to 77 IAC 1130.140)
- 13. DATE OF PROPOSED TRANSACTION:** Transaction to close on June 30, 2011, effective on July 1, 2011
- 14. NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.
- 15. BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Partnerships must provide the name and address of each partner and specify whether each is a general or limited partner. Append this information to the application as **ATTACHMENT #4**.
- 16. TRANSACTION DOCUMENTS.** Provide a copy of the document(s) which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities Planning Board. Append this document(s) to the application as **ATTACHMENT #5**.
- 17. FINANCIAL INFORMATION** (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition **and** to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired (as specified at 77 IAC 1120). Append as **ATTACHMENT #6**.

- 18. PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Edward J. Green, Esq., Foley & Lardner LLP
Address: 321 North Clark Street, Suite 2800
City, State & Zip Code: Chicago, Illinois 60654
Telephone: 312-832-4375

- 19a. ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: J. Mark Waxman, Esq., Foley & Lardner LLP
Address: 111 Huntington Avenue, Suite 2600
City, State & Zip Code: Boston, Massachusetts 02199
Telephone: 617-342-4055

- 19b. ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Paul Neumann, Esq., Senior Vice President & General Counsel, Trinity Health Corporation
Address: 34605 Twelve Mile Road
City, State & Zip Code: Farmington Hills, Michigan 48331
Telephone: 248-489-6214

20. CERTIFICATION

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer:  _____

Typed or Printed Name of Authorized Officer: Joseph Swedish

Title of Authorized Officer: President & CEO

Address: 27870 Cabot Drive

City, State & Zip Code: Novi, Michigan 48377

Telephone: (248) 489-6794

Date: 03/04/2011

NOTE: complete a separate signature page for each co-applicant and insert following this page.

**APPENDIX A
FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE**

Complete the following for the facility for which the change of ownership is requested. The facility's bed and dialysis station capacity must be consistent with the State Board's Inventory of Health Care Facilities.

FACILITY NAME: Loyola University Medical Center Outpatient Dialysis Center

CITY: Maywood

1. Indicate (by placing an "X") the type of facility for which the change of ownership is requested:

Hospital; Long-term Care Facility; Dialysis Facility; Ambulatory Surgical Treatment Center.

2. Provide the bed capacity by category of service:

SERVICE	# of Beds	SERVICE	# of Beds
Medical/Surgical	0	Nursing Care	_____
Obstetrics	0	Shelter Care	_____
Pediatrics	0	DD Adults*	_____
Intensive Care	0	DD Children**	_____
Acute Mental Illness	0	Chronic Mental Illness	_____
Rehabilitation	0	Children's Medical Care	_____
Neonatal Intensive Care	0	Children's Respite Care	_____

*Includes ICF/DD 16 and fewer bed facilities; **Includes skilled pediatric 22 years and under

3. Chronic Renal Dialysis: Enter the number of ESRD stations: 31

4. Indicate (by placing an "X") those categories of service for which the facility is approved.

<input type="checkbox"/> Cardiac Catheterization	<input type="checkbox"/> Open Heart Surgery
<input type="checkbox"/> Subacute Care Hospital Model	<input type="checkbox"/> Kidney Transplantation
<input type="checkbox"/> Selected Organ Transplantation	<input type="checkbox"/> Postsurgical Recovery Care Center Model

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers

Indicate (by placing an "X") if the facility is a limited or multi-specialty facility and indicate the surgical specialties provided.

<input type="checkbox"/> Cardiovascular	<input type="checkbox"/> Ophthalmology
<input type="checkbox"/> Dermatology	<input type="checkbox"/> Oral/Maxillofacial
<input type="checkbox"/> Gastroenterology	<input type="checkbox"/> Orthopedic
<input type="checkbox"/> General/Other (includes any procedure that is not included in the other specialties)	<input type="checkbox"/> Otolaryngology
<input type="checkbox"/> Neurological	<input type="checkbox"/> Plastic Surgery
<input type="checkbox"/> Obstetrics/Gynecology	<input type="checkbox"/> Podiatry
	<input type="checkbox"/> Thoracic
	<input type="checkbox"/> Urology

Attachment 1
Application Fee

A check in the sum of Two Thousand, Five Hundred Dollars (\$2,500) and payable to the Illinois Department of Public Health is attached at Attachment 1.



Attachment 3

Narrative

Trinity Health Corporation ("Trinity") hereby seeks a Certificate of Exemption ("COE") from the Illinois Health Facilities & Services Review Board (the "Board") to allow consummation of a proposed transaction (the "Transaction") between Trinity and Loyola University of Chicago (the "University"), whereby Trinity will replace the University as the sole member of Loyola University Health System ("LUHS").

Trinity is the fourth largest Catholic health care system in the country. Based in Novi, Michigan, Trinity operates 46 acute-care hospitals, 379 outpatient facilities, 33 long-term care facilities, and numerous home health offices and hospice programs in nine states. Employing more than 48,000 full-time staff, Trinity reported \$7.1 billion in unrestricted revenue in fiscal year 2010. As a not-for-profit health system, Trinity, through its ministry and operations, invests in its communities through programs which serve the poor and uninsured, manage chronic conditions such as diabetes, help educate residents on health care and health related issues, and provide outreach for the elderly. In fiscal year 2010, this included nearly \$456 million in such community benefits.

Based in the western suburbs of Chicago, Illinois, LUHS is a leading Catholic academic medical center with a multidisciplinary focus on delivering outstanding patient care, leading-edge research and rigorous medical, nursing and graduate education.

LUHS's 61-acre main medical center campus is located in Maywood, Illinois. Foster G. McGaw Hospital-Loyola University Medical Center ("LUMC") lies at the heart of the Maywood campus and is licensed for 569 beds. LUHS is the sole member of LUMC.

LUMC houses a Level 1 Trauma Center, a Burn Center and the Ronald McDonald® Children's Hospital of Loyola University Medical Center. The Cardinal Bernardin Cancer Center, Loyola Outpatient Center, Center for Heart & Vascular Medicine, Loyola Oral Health Center, and Loyola Center for Health & Fitness are also located on the Maywood campus.

LUMC also owns and operates a provider based, 31 station end stage renal dialysis facility on its main medical center campus in Maywood (the "LUMC Outpatient Dialysis Center"). The LUMC Outpatient Dialysis Center is the subject of this COE Application.

Because the Transaction will result in a change in the membership or sponsorship of a not-for-profit corporation that owns or controls an Illinois licensed health facility (as well as its physical plant and capital assets), the Transaction constitutes a change of ownership under Section 1130.140 of the Board's rules. The Transaction is contingent upon the approval of the Board and the granting of a COE.

The Transaction is expected to close on or about June 30, 2011, with an effective date of July 1, 2011.

This COE Application has been filed simultaneously with a COE Application for LUMC. The LUMC COE Application is the "lead" COE Application and the contents of the LUMC COE Application are incorporated herein by reference. This COE Application must be read in conjunction with the LUMC COE Application because the LUMC COE Application contains the relevant attachments and notes.