

ORIGINAL

E-013-13

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

RECEIVED

1. INFORMATION FOR EXISTING FACILITY

APR 15 2013

HEALTH FACILITIES & SERVICES REVIEW BOARD

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
X 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...
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: 20555 Victor Parkway
City, State & Zip Code: Livonia, Michigan 48152-7018
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
X 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
X 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
X Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

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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  
X Not-for-Profit Corporation \_\_\_\_\_ For Profit Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ Governmental  
\_\_\_\_\_ Limited Liability Company \_\_\_\_\_ Other, specify \_\_\_\_\_  
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State Senate District Number: 4 Mailing address of the State Senator: 10001 West Roosevelt Road, Suite 202,  
Westchester, Illinois 60154  
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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: CHE Trinity Inc.  
Address: 20555 Victor Parkway  
City, State & Zip Code: Livonia, Michigan 48152-7018  
Type of ownership of the current licensed entity (check one of the following:) \_\_\_\_\_ Sole Proprietorship  
X 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.**

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X 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:** \$0 (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 is set to close on May 1, 2013, subject to regulatory approvals
- 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: 20555 Victor Parkway

City, State & Zip Code: Livonia, Michigan 48152-7018

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: Larry Warren

Title of Authorized Officer: Interim President & CEO, Trinity Health Corporation

Address: 20555 Victor Parkway

City, State & Zip Code: Livonia, Michigan 48152-7018

Telephone: (734) 343-1000

Date: 04/04/2013

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

**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: Daniel Hale

Title of Authorized Officer: Chairman of the Board, CHE Trinity Inc.

Address: 20555 Victor Parkway

City, State & Zip Code: Livonia, Michigan 48152-7018

Telephone: (734) 343-1000

Date: 04/04/2013

**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**

CHE Trinity Inc. (“CHE Trinity”) and Trinity Health Corporation (“Trinity”) hereby seek a Certificate of Exemption (“COE”) from the Illinois Health Facilities & Services Review Board (the “Board”) to allow consummation of a proposed transaction (the “Transaction”), whereby CHE Trinity will become the sole corporate member of Trinity and Catholic Health East (“CHE”).

More specifically, under the terms of the Transaction, Trinity and CHE will consolidate under CHE Trinity and will establish a structure to address the rapidly changing health care environment that requires more focus on population health and the delivery of more coordinated and integrated care and health and wellness services. The Transaction will create a health system that serves people in 21 states from coast to coast with 82 hospitals, 89 continuing care facilities and home health and hospice programs that provide nearly 2.8 million visits annually. However, it is important to note that currently Trinity and CHE do not provide any health care services in the same geographic areas.

In addition, there will be no purchase or sale of the assets and no funds will be exchanged pursuant to the Transaction. Trinity and CHE will preserve their charitable and Catholic identity and will continue to be subject to the Ethical and Religious Directives for Catholic Health Care Services.

As this Transaction is merely the consolidation of the two parent entities (i.e., Trinity and CHE) there will be no direct impact on their downstream entities. Notably, the downstream entities will continue, as of the effective date of the Transaction, to (i) maintain their own existing licenses, provider numbers and accreditations; (ii) furnish the services they are currently furnishing; and (iii) operate as organizations currently exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Moreover, none of the tax identification numbers will change for any of the downstream entities. Further, the downstream entities currently licensed by the State of Illinois will remain the licensed entities with no change in facility name or location. Again, there will be no purchase or sale of the assets and no funds will be exchanged, in any regard, pursuant to the Transaction.

The reserved powers and reserved authority of Trinity and CHE related to their respective subsidiaries will not change as a result of the Transaction. However, following the Transaction, CHE Trinity, Trinity and CHE will work together to eventually effectuate a merger, consolidation or reorganization of CHE Trinity, Trinity and CHE into a single corporation (the “Post-Closing Transaction”). At this time, it is unknown which entity will survive the Post-Closing Transaction and when the Post-Closing Transaction will occur. The form of the Post-Closing Transaction will take into consideration all relevant business and legal issues, including those relating to financing, licensure, necessary government approvals, reimbursement and other important matters. In connection with the Post-Closing Transaction, CHE Trinity, Trinity and CHE will develop a community benefit plan, a debt financing plan, a plan to integrate professional and general liability insurance and other such programs, a plan to combine employee benefit and pension plans, a framework for rationalizing operations and programs, and a plan to facilitate the amendment of the corporate governance documents of their respective subsidiaries.

In terms of the Transaction’s specific connection to Illinois, Trinity is currently the sole corporate member of Loyola University Health System (“LUHS”) and Mercy Health System of Chicago (“Mercy System”).

LUHS owns and operates (either directly or through its affiliates) the following Illinois licensed facilities:

(1) Foster G. McGaw Hospital - Loyola University Medical Center (“LUMC”), a 569 bed general acute care hospital located in Maywood, Illinois;

(2) Gottlieb Memorial Hospital (“Gottlieb”), a 264 bed general acute care hospital located in Melrose Park, Illinois;

(3) Loyola University Medical Center Outpatient Dialysis Center (the “LUMC Dialysis Center”), a provider based, 31 station end stage renal disease facility located in Maywood, Illinois; and

(4) Loyola University Medical Center Ambulatory Surgery Center (the “LUMC Surgery Center”), a provider based, 8 operating room ambulatory surgery center located in Maywood, Illinois.

LUMC, Gottlieb, LUMC Dialysis Center, and LUMC Surgery Center are collectively referred to herein as the “LUHS Illinois Licensed Facilities.”

Mercy System owns and operates (either directly or through its affiliates) the following Illinois licensed facility:

(1) Mercy Hospital & Medical Center (“Mercy Hospital”), a 449 bed general acute care hospital located in Chicago, Illinois.

The LUHS Illinois Licensed Facilities and Mercy Hospital are collectively referred to herein as the “Trinity Illinois Licensed Facilities.”

Separate COE Applications have been simultaneously filed for each of the Trinity Illinois Licensed Facilities.

CHE does not currently own or operate any Illinois licensed facilities; nor will CHE own or operate any Illinois licensed facilities as a result of the Transaction.

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 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 set to close on or about May 1, 2013, subject to regulatory approvals.

The LUMC Dialysis Center is the specific subject of this COE Application. However, this COE Application has been filed simultaneously with the 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.