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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

May 2, 2012

12-028

VIA FEDERAL EXPRESS

Health Facilities and Services Review Board
525 W. Jefferson St., Second Floor
Springfield, IL 62761

Re: Application for Permit, filed by Orland Park Surgery Center

Dear Health Facilities and Services Review Board:

I am counsel for Advocate Health Care and Midwest Physicians Group, Ltd. Enclosed is Advocate Health Care and Midwest Physician Group, Ltd.'s response to Orland Park Surgery Center's March 21, 2012 Application. Please contact me if you have any questions or concerns.

Very truly yours,

Brian A. Sher

cc: Gail D. Hasbrouck (w/ encl.)
Eric Tower (w/ encl.)

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Advocate HealthCare ("Advocate") on behalf of itself and Midwest Physician Group Ltd. ("MPG") writes in response to the Application for Permit filed by Orland Park Surgery Center on March 21, 2012 ("OPSC Application"), with the Illinois Health Facilities and Service Review Board ("Board"). In July 2009, Advocate acquired certain assets from MPG including MPG's membership units in OPSC and MPG's interest in certain billing and management agreements in place with OPSC ("Billing Agreement" and "Management Agreement"). While Advocate supports the OPSC Application and the approval of the actions sought by the OPSC Application (the non-substantive proposed transaction of a sale of MPG's membership units in OPSC to another OPSC member (PMI Diagnostic Imaging, LLC)), it is concerned with various statements made in the OPSC Application related to the proposed transaction. Specifically, Attachment 12 to the OPSC Application misstates the nature of the disputes between Advocate/MPG and OPSC and the Purpose of the Project. As a result, Advocate submits this response in order to address OPSC's mischaracterization of the disputes between Advocate/MPG and OPSC (collectively "the Parties") and clarify the Purpose of the Project:

1. Although the Parties disagreed concerning certain aspects of the management of the ambulatory surgery treatment center located at 9550 W. 167th Street, Orland Park, Illinois ("ASTC"), at no time since ASTC commenced operations in July 2009 has patient care been compromised nor have any employees of the ASTC been "distracted from the primary focus of the ASTC" – high quality patient care;

2. At all times since July 2009, Advocate's provision of management and billing services were in accordance with the Management Agreement and the Billing Agreement;

3. Beginning in January 2011, the physician members of OPSC improperly sought to terminate the Billing Agreement and Management Agreement. On information and belief, the physician members' actions in seeking to terminate these agreements were designed to take control of OPSC even though Advocate, through MPG, owned a majority of the units in OPSC. Advocate successfully opposed OPSC's efforts to terminate the Management Agreement and Billing Agreement, but Advocate realized that an ongoing business relationship with the physician members of OPSC was not in Advocate's best interests. Consequently, Advocate negotiated for the sale of its OPSC units and termination of its responsibilities under the Billing Agreement and Management Agreement; and

4. Advocate disagrees with OPSC's stated reason for the transaction ("to enhance patient care at OPSC"). In spite of disagreements between the members and managers of OPSC, patient care at OPSC has been of the highest quality at all times since July 2009. Rather, the reason for the transaction simply is that Advocate is no longer interested in continuing its business relationship with the physician members of OPSC and, consequently, agreed to the sale of its OPSC units to another OPSC member (PMI Diagnostic Imaging, LLC). Therefore, it is anticipated that if the OPSC Application is denied and Advocate is forced to remain a member of OPSC, the strained relationship between Advocate and the physician members of OPSC may result in future difficulties with respect to the management of the ASTC and, potentially, a deterioration in the quality of patient care. It is on this basis that OPSC's Application should be approved.

Respectfully submitted on behalf of Advocate
Healthcare and Midwest Physician Group, Ltd.