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March 31, 2016

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RECEIVED

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Ms. Jeannie D. Mitchell
Assistant General Counsel
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Apollo Surgical Center, Proj. No. 11-002

Dear Ms. Mitchell

This office represents Apollo Surgical Center, LLC f/k/a Apollo Health Center, Ltd. ("Apollo"). We are writing in response to the Illinois Health Facilities and Services Review Board ("State Board") letter dated March 4, 2016, extending the condition on Apollo's certificate of need ("CON") permit to report payor mix data to the State Board for an additional two years. As you are aware, the State Board approved Apollo's application to establish a multi-specialty surgical center on July 21, 2011. As a condition of its project permit, Apollo agreed to provide a report of its payor mix, including charity care, for the first 12 months of operation. On March 17, 2014, Apollo received its ambulatory surgical treatment center license from the Illinois Department of Public Health ("IDPH"). Upon receipt of its IDPH license, Apollo diligently worked to obtain accreditation and Medicare and Medicaid certification of the surgery center. Due to unforeseen issues, Apollo did not receive its Medicare certification until October 29, 2015. This delay adversely impacted Apollo's operations as it was not eligible for Medicare reimbursement, and other third party payors, including Medicaid and private insurers will not reimburse services provided in a surgery center that is not Medicare certified. As a result, Apollo's 2014 patient census and payor mix were significantly below the anticipated levels presented to the State Board at the July 21, 2011 meeting.

Due to various factors, Apollo's patient census and payor mix did not change significantly from 2014 to 2015. With Medicare certification and its physician recruiting initiatives, Apollo anticipates utilization will increase significantly in the current year.

1. Payor Mix

Pursuant to the March 4, 2016 letter, Apollo submits the following patient data for the period March 1, 2015 through February 29, 2016.

Payor	Patients	Percent
Private	32	57%
Medicare	14	25%
80% Hardship Discount	7	13%
Charity	3	5%
Medicaid*	0	0%
Total	56	100%

*Medicaid certification pending

2. Charity Care

At the July 21, 2011 State Board meeting, Apollo represented that approximately 5 percent of patients would receive charity care. While 5 percent of Apollo's cases over the last 12 months were in fact charity care cases, please note that Apollo treated a significant number of Medicare patients prior to receiving its Medicare certification and will not receive any reimbursement for these cases. In effect, these unreimbursed Medicare cases can be considered charity care, but were not included in the payor mix data under "charity."

3. Hardship Discount

Apollo committed to the State Board that 55 percent of its patients would receive an 80 percent hardship discount. At that time, Apollo anticipated the majority of the patients receiving the hardship discount would be pregnancy termination cases. As discussed at the February 16, 2016 State Board meeting, due to issues with pro-life protestors who have been very vocal and disruptive to Apollo's business, Apollo decided not to perform pregnancy termination procedures at the surgery center. As a result, the number of patients receiving the hardship discount is significantly lower than initially projected. Apollo plans to offer the hardship discount to other patients who meet the eligibility criteria. Given the passage of the Affordable Care Act which is designed to ensure that everyone in this country is covered by insurance, the payor mix of the facility should change. This is not something that Apollo could have anticipated at the time it filed its application and appeared before the State Board.

Additionally, patient volumes are significantly lower than anticipated. As noted at the February 16, 2016 State Board meeting, the gastroenterologist who committed cases to Apollo retired and one of the urologists became seriously ill and is not performing surgeries at this time. Apollo is actively recruiting physicians to perform procedures at the surgery center. As the patient census increases, Apollo anticipates the number patients receiving the hardship discount will increase.



4. Medicaid

At the February 16, 2016 meeting, State Board members expressed concern that Apollo was not Medicaid certified. To qualify for participation in the Illinois Medicaid program, a surgery center must hold a valid license issued by the Illinois Department of Public Health and must be certified to participate in the Medicare program. See 89 Ill. Admin. Code 140.11. Accordingly, Apollo could not concurrently submit its Medicare and Medicaid applications. We apologize that we were not more clear about that fact at the February meeting.

Importantly, Apollo has diligently worked to obtain Medicaid certification for over one year. On January 15, 2015, Apollo submitted its initial Medicaid application. It was not until October 14, 2015 that the Department of Healthcare and Family Services ("DHFS") notified Apollo that it could not submit its Medicaid enrollment application until it received Medicare certification. On October 29, 2015, Apollo received its Medicare certification and restarted the Medicaid enrollment process. Due to access issues with the DHFS electronic enrollment system, Apollo was not able complete and submit its Medicaid application until February 19, 2016. Since submission of its Medicaid application, Apollo has checked the status of its pending Medicaid application on a daily basis. As of today's date, the Apollo Medicaid application is under review by the provider enrollment unit. A detailed timeline of Apollo's efforts to obtain Medicaid certification is attached at Attachment - 1.

Thank you for your time and attention to this matter. If you need any further information regarding Apollo's operations, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Anne M. Cooper".

Anne M. Cooper

Attachment

cc: Ms. Courtney Avery
Mr. Juan Morado Jr.
Mr. Michael Constantino

Attachment – 1

Date	Status
January 7, 2015	Initial application sent to DHFS
January 28, 2015	Application returned to Apollo requesting HFS 1513 and completed W9
January 29, 2015	Application returned to DHFS
February 5, 2015	DHFS requested disclosure statements for application
February 5, 2015	Apollo submitted disclosure statement to DHFS
February 9, 2015	DHFS rejected HFS 1513 and W9
February 10, 2015	DHFS requested Social Security Number and Operating Agreement TIN validation from IRS (IRS Form 147c) pending
February 25, 2015	Apollo submitted corrected information to DHFS
March 3, 2015	DHFS rejected corrected information due to lack of IRS Form 147c
March 4, 2015	Apollo notified DHFS of pending status of IRS Form 147c
March 12, 2015	Apollo notified DHFS of pending status of IRS Form 147c
March 17, 2015	DHFS notified Apollo that it was waiting for controller
March 30, 2015	Apollo sent correspondence to DHFS regarding status of Medicaid application
April 8, 2015	DHFS notified Apollo that it was waiting for controller
May 5, 2015	Apollo contacted DHFS and notified Medicaid application was pending
May 26, 2015	Apollo contacted DHFS and notified Medicaid application was pending
June 6, 2015	Apollo contacted DHFS and notified Medicaid application was pending
July 31, 2015	Apollo sent correspondence to DHFS regarding updated IRS information
August 1, 2015	DHFS transitions from paper-based enrollment to electronic enrollment system (IMPACT)
August 13, 2015	Apollo sent correspondence to DHFS regarding status of Medicaid application and notified it was required to submit all inquiries through IMPACT. DHFS did not assign Apollo an Application ID to access site
August 20, 2015	Apollo sent correspondence to DHFS regarding Application ID to access IMPACT site
October 14, 2015	DHFS notified Apollo Medicare approval was require prior to submission of Medicaid enrollment application and a new application would need to be submitted
January 4, 2016	Restarted Medicaid enrollment process on IMPACT system
January 13, 2016	DHFS requested W9, Articles of Organization and Amendments to create Apollo IMPACT log in
January 13, 2016	Apollo transmitted to requested documents to DHFS. Instructed by DHFS to wait 15 business days before logging in to IMPACT to complete Medicaid application
February 5, 2016	Apollo IMPACT log in invalid

Date	Status
February 8, 2016	Apollo able to access IMPACT site and begin new Medicaid application
February 12, 2016	Apollo unable to continue Medicaid application. Sent correspondence to IMPACT
February 17, 2016	IMPACT access issues resolved
February 19, 2016	Medicaid application completed and transmitted to DHFS
February 26, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 4, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 7, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 8, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 9, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 10, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 11, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 14, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 15, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 16, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 17, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 18, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.

Date	Status
March 21, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 22, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 23, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 24, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 25, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 28, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 29, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 30, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.
March 31, 2016	Checked status of Medicaid application on IMPACT site - Your application is currently in review by the provider enrollment unit. You cannot make any changes at this time.