Title: 400.17 Financial Assistance

Revision: 1.5

LEGACY HEALTH SYSTEM

ADMINISTRATIVE

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SECTION: FINANCE

TITLE: FINANCIAL ASSISTANCE (CHARITY CARE)

PURPOSE

In keeping with Legacy Health System's (Legacy) mission it is considered not only necessary but also appropriate to make adjustment to patient care charges under certain circumstances. It is not the intent of this policy to restrict this practice, but rather to establish clear guidelines by which to accomplish this task.

OBJECTIVES

- 1. To establish an objective standard by which to evaluate the provision of Financial Assistance to qualifying patients.
- 2. To establish the procedures through which the Financial Assistance Program will be facilitated, including how Financial Assistance decisions will be made, how adjustments will be reported, and who will be authorized to make decisions regarding exceptions.
- 3. The provision of medically necessary healthcare should never be delayed based on a patient's ability to pay.

POLICY

1. Definitions:

- a. <u>Financial Assistance</u>: Financial Assistance is defined as the forgiveness of charges on an account for medically necessary services provided to patients who are unable to pay based on income level, financial analysis or demographic indicators.
- b. <u>Uninsured Discount</u>: Legacy will provide eligible uninsured hospital patients (as defined below) who receive inpatient or outpatient medically necessary services from a Legacy hospital with a discount from Legacy charges.
- c. Medically Necessary Services: "Medically necessary" refers to inpatient or outpatient health care services provided by a Legacy hospital for the purpose of evaluation, diagnosis or treatment of an injury, illness, disease or its symptoms which otherwise, if left untreated, would pose a threat to the patient's ongoing health status; services must be clinically appropriate and within generally accepted medical practice standards and represent the most appropriate and cost effective supply, device or service that can be safely provided and readily available at a Legacy hospital, with a primary purpose other than patient or provider's convenience. Expressly excluded from medically necessary services are health care services that are cosmetic, experimental or part of a clinical research program; private and/or non-Legacy medical or physician professional fees; services and/or treatments not provided at a Legacy hospital.
- d. <u>Household Assets</u>: All cash or non-cash assets owned by a member of a household that can be converted to cash including:
 - Cash held in savings accounts and checking accounts;
 - Equity in real estate other than the primary residence;
 - Cash value of stocks, bonds, treasury bills, certificates of deposit and money market accounts;
 - Vehicles other than an automobile of reasonable value used as the primary source of transportation; and
 - Lump sum or one-time receipts of funds, such as inheritances, lottery winnings, insurance settlements.
- e. <u>Qualified Assets</u>: The amount determined by calculating one-quarter of the amount that remains after \$75,000 is deducted from the total value of a patient's Household Assets. Thus, Qualified Assets = [Household Assets \$75,000] x 0.25.
- f. <u>Household Income</u>: All pre-tax income, however derived, of all persons 18 years old and over who reside in a household.
- g. <u>Primary Service Area</u>: "Primary service area" for each hospital means the zip codes from which the hospital derives 90% of its business.

2. Process:

- a. Uninsured Discount:
 - Legacy will provide uninsured hospital patients who receive inpatient or outpatient medically necessary services from a Legacy hospital, with a 35% discount from Legacy's undiscounted charges so long as the patient, at the time the services are rendered;
 - a) has no coverage for the payment of hospital care (whether through employer-based coverage, insurance, commercial health care coverage, governmental health care coverage, or other thirdparty liability);

- b) has household income of no more than \$100,000; and
- c) resides in the primary service area of a Legacy hospital and has done so for at least the six months preceding the date when services are rendered. The requirement of six months' residence shall not apply to individuals who require emergency treatment while within such primary service area.
- Application of the uninsured discount does not preclude a patient from applying and qualifying for additional financial assistance.
- 3) Adjustment will automatically post upon documentation of patient's eligible status.

b. Financial Assistance:

Financial Assistance requests may be made by the patient, outside healthcare providers, community or religious groups, social services, family members, and Legacy personnel. Patient Business Services shall maintain on file (and available for reference) an annual "Federal Poverty Guidelines" as published by the Department of Health and Human Services.

c. Communication:

Legacy will make every effort to make Financial Assistance information available to our patients including, but not limited to:

- 1) Signage in main admitting areas of each hospital (in appropriate languages);
- 2) Brochures explaining Financial Assistance shall be made available in all patient care areas (in appropriate languages);
- 3) Billing statements will include information regarding the availability of Financial Assistance;
- 4) Legacy's website will contain information regarding the availability of Financial Assistance;
- 5) Legacy will offer financial assistance customer service Monday through Friday with voice mail availability;
- 6) Financial counselors will be available at each Legacy hospital to assist patients in understanding and applying for available resources, including the Legacy Financial Assistance Program;
- Annual education will be provided to all Patient Business Services and admitting staff. All Legacy employees will be kept informed of Financial Assistance policies and options through newsletters and other publications;
- Legacy will make copies of this policy available in main admitting areas of each Legacy hospital;
 and
- 9) Legacy will require every collection agency to which Legacy refers accounts to provide a telephone number a patient can call to request financial assistance.

d. Eligibility:

- 1) Financial Assistance is generally secondary to all other financial resources available to the patient including insurance, government programs, third party liability, and qualified assets:
- 2) To obtain financial assistance a patient must establish through completion of a Financial Assistance Application provided by Legacy, together with all required documentation that the patient's household income is equal to or below 400% of the Federal Poverty Guidelines at the time they receive medically necessary services;
- 3) Full financial assistance will be provided to a patient/guarantor with household income < 200% of Federal Poverty Guidelines. A patient/guarantor will be given partial financial assistance based on his/her income level up to 400% of Federal Poverty Guidelines based on the sliding scale schedule below:

Sliding Fee Schedule

Financial Assistance
Adjustment Percent
<u>100%</u>
<u>90%</u>
<u>80%</u>
<u>70%</u>
<u>60%</u>
<u>50%</u>
<u>40%</u>
<u>30%</u>
<u>25%</u>

- 4) Financial Assistance is available for medically necessary services only;
- 5) Household income is determined as of the date services are rendered:
- 6) Patients who are eligible at the time of care, but choose not to enroll in coverage that would have paid for hospital care (whether through employer-based coverage, governmental health care coverage, or other third-party liability) shall not be eligible for Financial Assistance;
- 7) Financial determination of eligibility may include the review of patients' qualified assets.
- 8) Other catastrophic circumstances may be considered in the Financial Assistance decision including residency, bankruptcy history, and other financial resource indicators;
- 9) Medical indigency Legacy may also consider other catastrophic or economic circumstances in making the Financial Assistance decision. Medical indigency may result in additional relief as follows:
 - a) If medical bills (combined) are greater than one times annual income, the patient may be eligible for additional relief, depending on the circumstances and consistent with Legacy's mission:
 - b) If the patient receives a catastrophic event/diagnosis, the patient may be eligible for additional relief, depending on the circumstances and consistent with Legacy's mission;
- 10) Medicaid eligibility within 60 days of service can be proof of indigency;
- 11) The "proof of income" documentation requirements may be waived if independent credit-based financial assessment indicates indigency;
- 12) Patients who declare themselves to be homeless and who are not found in an independent credit-based assessment may also have the "proof of income" documentation requirements waived.

e. Financial Assistance Application Process:

 A patient who wishes to obtain Financial Assistance must complete a Financial Assistance Application, in writing, and provide all required supporting documentation;

- a) See section (d) (11) and (12) for exceptions to supporting documentation requirements.
- 2) Legacy will review completed applications to determine eligibility based on eligibility criteria above. Legacy may request additional documentation necessary to make a determination. Legacy will make reasonable efforts to review applications within 60 days of receipt of a completed application.
- 3) A patient who has not previously completed a Financial Assistance Application is entitled to do so at any time until final judgment in a lawsuit is brought to collect the account;
- 4) During the period in which Legacy is processing a fully completed Financial Assistance Application, there shall be a stay of all collection proceedings, including a stay of penalties or interest for non-payment against that patient;
- 5) Legacy may run a credit report to identify resources indicative of the patient's ability to pay;
- 6) Incomplete Financial Assistance Applications may be denied until complete information is made available. Legacy will notify patients in writing outlining information needed. If an application remains incomplete, Legacy may pursue further collection efforts;
- 7) Patients who complete the Financial Assistance process will be notified of financial assistance determination by phone or in writing;
- 8) Patients/guarantors may appeal a financial assistance determination by providing additional information such as income verification or an explanation of extenuating circumstances to the patient account manager within 30 days of receiving notification. The patient account manager and director will review all appeals. The patient/guarantor will be notified of the appeals outcome. Collection follow up will be pended during the appeal process;
- 9) Legacy's decision to provide financial assistance in no way affects the patients/guarantors financial obligation to their physician or other health care providers. However, Legacy will work with other providers to provide them with information Legacy is legally authorized to provide to assist them with processing the account;
- 10) Final approval will be authorized in accordance with LHS 400.09 Patient Business Services Receivable Adjustments, Authorization and Process.

f. Collection Practices:

- 1) Legacy will send a minimum of three (3) statements to the patient, which informs the patient of the amount due and of the patient's opportunity to complete a Financial Assistance Application. Where the amount due is in excess of \$400, Legacy will make an attempt to contact the patient by telephone at the number provided by the patient (if any) to inform the patient of the amount due and of the patient's opportunity to complete a Financial Assistance Application, and stating that completion of such application may afford the patient free or reduced cost care;
- 2) A patient who is making timely payments on all agreed-upon installment arrangements for payment of health care services shall not be charged interest on outstanding amounts;
- 3) If there is a balance owing after financial assistance determination and the patient does not comply with agreed-upon payment arrangements, Legacy will make two attempts to provide the patient with notice by mail. If the patient's financial situation has changed, the patient will be given an opportunity to work out new payment arrangements;
- 4) If the patient does not make payment arrangements, or if the patient fails to comply with any payment arrangements made, Legacy may refer the outstanding account balance to a collection agency;
- 5) Legacy will limit annual collection of the amount owing after the Financial Assistance is calculated to 20% of the patient's household annual income, unless the patient has qualified assets;
- 6) Legacy and/or its collection agencies may engage in routine collection practices including but not limited to reporting to credit bureaus, filing voluntary liens, garnishing wages, and taking legal action to collect balances owing;
- 7) Legacy and/or its collection agency may place liens on real property following final judgment in a lawsuit brought to collect the account balance. Absent special circumstances, Legacy will instruct its collection agency not to foreclose on liens on primary residences until the residence is sold or the patient and his/her spouse have died or otherwise vacated the residence:
- 8) Legacy may choose to classify delinquent accounts as "presumptive charity" when independent results indicate an inability to pay, using the same criteria as described in section 2 (d) (11).

Approvals: Operations Council (1/13)

CEO Direct Reports (1/13)

Board Finance Committee (2/13)

LHS Board Approved (3/13)

Originator: VP – Revenue Cycle