

**Logan Health - Conrad  
Administrative Policy/Procedure**

**Policy Number: 84.11.2015.OP.74**

**TITLE: Patient Financial Assistance**

**AREAS AFFECTED: Hospital and Rural Health Clinic**

**PURPOSE:**

To establish guidelines for providing financial relief to patients based on financial need; to identify hospital and clinic services eligible for financial assistance; to outline patient eligibility requirements; to define amounts charged to individuals who are eligible for financial assistance; to outline program concepts and responsibilities; and to outline the process of administering and managing the financial assistance program.

This policy is intended to comply with Section 501(r) of the Internal Revenue Code and the regulations promulgated there under and shall be interpreted and applied in accordance with such regulations. This policy has been adopted by the governing body in accordance with such regulations.

**DEFINITIONS:**

Amounts Generally Billed (AGB): The amount generally billed to patients who have health insurance; calculated by multiplying gross charges by the AGB percentage.

AGB Percentage: A percentage discount applied to gross charges for care provided to individuals eligible for financial assistance, generally computed by dividing the sum of payments received on insurance claims, including amounts received for co-payments, co-insurance, and deductibles by the sum of gross charges for those claims.

Application Period: Begins on the first date care is provided and ends on the 240th day after the first billing statement is sent to the individual.

Catastrophic: A sudden, severe illness or injury requiring prolonged hospitalization or extensive treatment including but not limited to: cancer, heart attack, stroke, or motor vehicle accident.

Extraordinary Collection Action (ECA): Actions taken against a patient or any other individual who has accepted or is required to accept responsibility for the patient's bills that involve a) legal or judicial process; b) reporting adverse information about the individual to consumer credit agency or credit bureau; c) liens; or d) selling an individual's debt to a third party. ECAs do not include deferring or denying care based on a pattern of nonpayment, requiring deposits before providing care or charging interest, to the extent that such practices are not prohibited with respect to the hospital's obligation to provide emergency medical care.

Family: A group of two or more persons who are related by birth, marriage, or adoption who reside together.

*Family Income:* Includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household and other miscellaneous sources; excludes capital gains or losses, noncash benefits (such as food stamps and housing subsidies) and income of housemates; and is determined on a before-tax basis.

*Gross charges:* The full established rates for medical care that are set forth in the charge master at the time services are rendered and that are consistently and uniformly charged to all patients before applying contractual allowances, discounts, or deductions.

*Medically Necessary:* A service or treatment that is absolutely necessary to treat or diagnose a patient and could adversely affect the patient's condition, illness or injury if it were omitted, and is not considered an elective or cosmetic surgery or treatment. In order to meet medically necessary, a service must 1) be required to treat an illness or injury; 2) be consistent with the diagnosis and treatment of the patient's conditions; 3) be in accordance with the standards of good medical practice; 4) not be for the convenience of the patient or the patient's physician; and 5) be the level of care most appropriate for the patient as determined by the patient's medical condition and not the patient's financial or family situation.

*Notification Period:* Begins on the first date care is provided and ends on the 120th day after the first billing statement is sent to the individual.

*Relevant Period:* The 12-month period ending on September 30, 2015 for financial assistance provided from January 1, 2016 through December 31, 2016 until the AGB percentage is calculated based on claims paid during the prior 12-month period ending on September 30, 2016. Thereafter, the relevant period means each 12-month period ending on September 30.

*Uninsured:* A patient with no health insurance or coverage under governmental programs, and is not eligible for any other third party assistance to assist.

*Underinsured:* A patient with limited health insurance coverage or limited coverage under governmental programs and may have limited third party assistance.

## **POLICY:**

As a not-for-profit health care institution, Logan Health - Conrad (LHC) recognizes an obligation to provide needed health care services to the community. LHC is committed to providing emergency and other non-elective medically necessary care to individuals without discrimination regardless of their ability to pay, ability to qualify for financial assistance or the availability of third-party coverage.

A structured Financial Assistance Program will be maintained to provide financial assistance in the form of forgiveness of all or a portion of the hospital or clinic bill for medically necessary services.

All potential third party payment sources will be investigated and pursued prior to consideration for financial assistance, including completing an application for Medicaid benefits. In the event that any third-party payer is liable for any portion of a patient's bill, LHC will seek full reimbursement of all charges incurred by the patient despite any financial assistance granted pursuant to this policy.

### **1. Publication of Policy**

- a. Financial assistance policies are transparent and available to individuals in English and in the primary languages spoken by any population that constitutes more than 5% or 1,000 individuals, whichever is less as determined by using the most current data published by the Census Bureau.
  - i. The Financial Assistance Policy (FAP), the Financial Assistance Application (FAA), a Plain Language Summary of the policy (PLS), and the Billing and Collections Policy will be posted on the hospitals website.
  - ii. Paper copies of the FAP, FAA and PLS will be available upon request and without charge in person and by mail.
  - iii. General information will be conspicuously displayed in LHC waiting and admission areas, including the Emergency Department.
  - iv. PLS will be distributed to members of the community in a manner reasonably calculated to reach those members of the community who are most likely to require financial assistance. An example would be the distribution of copies of the PLS to organizations in the community that address the health needs of low-income populations.

## 2. Responsibilities

- a. LHC and the individuals served both hold accountability for the general processes related to the provision of financial assistance. As such, the determination and granting of financial assistance is a cooperative action between the individual and LHC.
- b. LHC Responsibilities
  - i. LHC has a FAP to evaluate and determine an individual's eligibility for financial assistance.
  - ii. LHC has means of communicating the availability of financial assistance to all individuals in a manner that promotes full participation by the individual.
  - iii. LHC personnel in Patient Financial Services and Registration areas understand the financial assistance policy and are able to direct questions regarding the policy to the proper hospital personnel.
  - iv. LHC requires all third-party agents who collect bills on behalf of LHC to include provisions that these agents will follow LHC financial assistance policies.
  - v. After receiving the individual's request for financial assistance, LHC notifies the individual of the eligibility determination within a reasonable period of time.
  - vi. LHC provides options for payment arrangements.
  - vii. LHC upholds and honors individuals' right to appeal decisions and seek reconsideration.
  - viii. LHC maintains documentation that supports the offer, application for and provision of financial assistance for a minimum period of seven years.
  - ix. LHC will periodically review and incorporate federal poverty guidelines for updates published by the United States Department of Health and Human Service.
- c. Individual Patient Responsibilities
  - i. To be considered for a discount under the financial assistance policy, the individual must cooperate with LHC to provide the information and documentation necessary to be screened for other existing financial resources that may be available to pay for healthcare, such as Medicare, Medicaid, third-party liability, etc.
  - ii. To be considered for a discount under the FAP, the individual must provide LHC with financial and other information needed to determine eligibility (this includes

completing the required application forms and cooperating fully with the information gathering and assessment process).

- iii. An individual who qualifies for a partial discount must cooperate with the hospital to establish a reasonable payment plan.
- iv. An individual who qualifies for partial discounts must make good faith efforts to honor the payment plans for their discounted balance(s).
- v. The individual is responsible to promptly notify LHC of any change in financial situation so that the impact of this change may be evaluated against financial assistance policies governing the provision of financial assistance, their discounted hospital bills or provisions of payment plans.

### 3. Identification of Potentially Eligible Individuals

- a. Requests for financial assistance will be honored up to 240 days after the date the first statement is sent to the individual either by mail or electronic bill presentment.
  - i. Registration and pre-registration processes promote identification of individuals in need of financial assistance.
  - ii. PFS personnel will make best efforts to contact all self-pay inpatients during the course of their stay or at time of discharge.
  - iii. An individual will be informed about LHC's FAP in oral communications regarding the amount due for his/her care.
  - iv. The individual will be provided with at least one written notice that informs the individual that the hospital may take extraordinary collection action if the individual does not submit a FAA or pay the amount due by a specified deadline. This deadline cannot be earlier than 120 days after the first billing statement is sent to the individual. And the notice must be provided to the individual at least 30 days before the deadline specified in the notice.

### 4. Eligibility Criteria

- a. To be eligible for a 100% reduction from gross charges (i.e. full write-off) the individual's household income must be at or below 100% of the current Federal Poverty Guidelines. To be eligible for a partial discount, individual's household income must be at or below 250% of the current Federal Poverty Guidelines.
- b. Eligibility for financial assistance discounts will be based on the guidelines below and the maximum annual income amounts listed in Appendix B.

| Income Level of Federal Poverty Guidelines | Financial Assistance Discount |
|--|-------------------------------|
| 100%                                       | 100%                          |
| 101% - 150%                                | 75%                           |
| 151% - 200%                                | 50%                           |
| 201% - 250%                                | 25%                           |

- c. The amount charged to individuals who qualify for financial assistance at LHC will be based on amounts generally billed (AGB) to individuals who have insurance covering such care.
- d. When determining an individual's household income, the following terms apply:

- i. Household size and income includes all members of the immediate family and other dependents in the household as follows:
  - 1. An adult and, if married, a spouse.
  - 2. Any natural or adopted minor children of the adult or spouse.
  - 3. Any minor for whom the adult or spouse has been given the legal responsibility by a court.
  - 4. Any student over 18 years old, dependent on the family's income for over 50% support (current tax return of the responsible adult is required).
  - 5. Any other persons dependent on the family's income for over 50% support (current tax return of the responsible adult is required).
  - 6. Any person claimed as a dependent on individual's income tax return.
- e. All forms of family income are considered when determining household income.
- f. Income can be verified by using Federal Tax Form 1040, Form W-2 or by using bank statements, personal financial statements or any other form of documentation that supports income reported.
- g. Financial assistance application forms will be considered up to 240 days after the first billing statement is remitted to the patient. A financial assistance application will not need to be repeated for dates of service incurred up to six (6) months after the last date of the application approval.

#### 5. Catastrophic Financial Assistance

- a. Catastrophic financial assistance is available to individuals who have a large patient responsibility after all third party payments have been taken into account.
  - i. If a patient's financial responsibility is greater than 50% of the individual's annualized household income and the patient's household income is greater than 400% of the Federal Poverty Guidelines, the excess amount may be treated as catastrophic financial assistance.
  - ii. The following factors will be evaluated in determining catastrophic financial assistance.
    - 1. The applicant's ability to pay including;
      - a. the ability to borrow funds to satisfy outstanding debt
    - 2. Verification of income and assets by a third-party.
  - iii. Catastrophic financial assistance is limited to medical services for cases catastrophic in nature as defined above.

#### 6. Method to Apply for Financial Assistance

- a. In order to apply for financial assistance, the individual will complete the Financial Assistance Application (FAA) and provide only copies of the following; originals will not be returned.
  - i. a copy of last year's Federal or State Income Tax return or written statement verifying current income;
  - ii. a copy of most recent current year pay stub, Social Security benefit notification or written statement from employer verifying current income;
  - iii. a copy of eligibility status from the Department of Public Health and Human Services (DPHHS) for each individual applicant and dependents or copy of screening status from MASH Patient Matters .
- b. An individual can obtain a copy of the Financial Assistance Application (FAA) by:

- i. Advising PFS personnel at or prior to the time of registration that they are uninsured or unable to fulfill patient portion obligations;
    - 1. PFS personnel will offer patient a FAA.
    - 2. PFS will provide information about the FAP and offer patient a PLS.
    - 3. PFS will refer the patient to the local Department of Health and Human Services.
    - 4. PFS will assist the patient in completing the FAA upon request.
  - ii. Downloading the FAA from the LHC website at <http://www.logan.org>;
  - iii. Requesting the FAA be mailed by contacting the Patient Financial Services department;
  - iv. Or by requesting the FAA in person at any of the hospitals admission/registration locations.
- c. A completed FAA will be submitted to Patient Financial Services for processing. Proof of income will be required from the individual. A review is completed by Patient Financial Services to determine individual eligibility based on the individual's total resources.
- d. If the FAA is requested by the individual and remitted to the individual by mail or in person, the individual must complete the FAA and supply the requested data within 60 days of the FAA being mailed to the individual. If FAA and requested data is not received within the 60 days, eligibility will be denied on those potential qualifying accounts.

7. Process for an Incomplete FAA Submitted

- a. If an individual submits an incomplete FAA during the application period, LHC must take the following actions:
  - i. Suspend any extraordinary collection action;
  - ii. Provide the individual with a written notice that describes the additional information and/or documentation required under the FAP or FAA that the individual must submit to complete his/her FAA and give 14 days for individual to provide additional information and/or documentation;
    - 1. If the FAA is not completed within 14 days, eligibility will be denied.
  - iii. Provide the individual with at least one written notice informing the individual of the ECA's that may be taken if the individual does not complete the FAA or pay the amount due by a date that is not earlier than the last day of the notification period and thirty (30) days after the date of the notice.
  - iv. If the FAA is not completed by the specified deadline discussed above, the hospital may initiate extraordinary collection action.

8. Process for a Complete FAA Submitted

- a. If an individual submits a complete FAA during the application period, LHC must take the following actions:
  - i. Suspend any extraordinary collection action during the consideration of a completed FAA.
    - 1. If potentially qualifying accounts have been placed with a collection agency, the agency will be notified to suspend collection efforts until a determination is made. This notification will be documented in the account notes.
  - ii. Determine and document the individual's eligibility for financial assistance. Factors to be considered in determining eligibility are:
    - 1. Household income;

2. Family size;
3. The federal poverty income guidelines
- iii. Notify the individual in writing after receiving a completed FAA of the eligibility determination and the basis for the determination, generally within 60 days.
- iv. Provide the individual with a billing statement that indicates the amount owed as a FAP-eligible individual and how LHC determined the amount the individual owes.
- v. Refund any excess payments to the individual.
  1. If a patient credit becomes available after FAP discount has been applied, the credit will be applied to other outstanding patient responsible balance(s) prior to refunding to the individual.
- vi. Take reasonable measures to remove from the individual's credit report any adverse information that was previously reported to a consumer credit agency/credit bureau.
- vii. Provide a written notification of denial to any individual determined to not be FAP-eligible and include a reason for denial; a process and contact information for filing an appeal; and a proposed monthly payment agreement.
- viii. If an individual disagrees with the decision to deny the provision of financial assistance, the individual may request an appeal in writing within 45 days of the denial.
  1. The appeal must include any additional relevant information that may assist in the appeal evaluation.
  2. Requests for denial appeal will be reviewed on a monthly basis by the Financial Assistance Committee. Decisions reached by the Financial Assistance Committee will be communicated to the individual within 60 days of the Committee's review and will reflect the Committee's final decision.

#### 9. Presumptive Eligibility

- a. Individuals with life circumstances of one or more of the following may be considered eligible for the most generous financial assistance discount in the absence of a FAA:
  - i. Individual deceased with no known estate;
  - ii. Individual eligible for Medicaid; but was not on the date of service;
  - iii. Individual eligible for Medicaid after a Medicaid spend-down has been met.

#### 10. Collection of Balances Owed by Patients

- a. Accounts for patients who are able, but unwilling, to pay are considered uncollectible bad debts and will be referred to outside agencies for collection in accordance with the Billing and Collection Policy.
- b. Payment plans for partial financial assistance accounts will be individually developed with the individual patient in accordance with the Billing and Collection Policy. If an individual complies with the terms of his/her payment plan, no collection action will be taken. If an individual does not comply with the terms of his/her payment plan, the unpaid discounted balances will be considered uncollectible bad debts and LHC may initiate extraordinary collection actions and other actions in accordance with the Billing and Collection policy.

#### 11. Actions Taken in the Event of Non-payment

- a. LHC may take extraordinary collection actions (ECA) against the patient or an individual legally responsible for payment of the patient's medical bills once reasonable efforts have been made to determine whether the patient is an individual who is eligible for assistance under this policy.
  - i. Notify the patient about the existence of this policy during the notification period by:
    - 1. Including a reference on patient billing statements to the website where this policy and FAA are available;
    - 2. Informing the individual about this policy in oral communications regarding the bill;
    - 3. Distributing a PLS and offering a FAA before discharge to inpatients;
    - 4. Providing the individual with at least one written notice informing the individual of the ECA's that may be taken if the individual does not submit a FAA or pay the amount due by a date that is not earlier than the last day of the notification period and thirty (30) days after the date of the notice.

## 12. Eligible Services

- a. This policy applies only to inpatient, outpatient or emergency services deemed medically necessary as defined above and is not applicable to professional fees, unless the professional is an employee of LHC.
- b. Services and goods eligible for financial assistance include the following:
  - i. Providers Employed at LHC (professional fees)
    - 1. Emergency Room Providers
    - 2. Clinic Providers
  - ii. Departmental Services
    - 1. Acute Care
    - 2. Ambulance
    - 3. Cardiology
    - 4. Computed Tomography
    - 5. Electrocardiography
    - 6. Emergency Room
    - 7. Endoscopy
    - 8. Laboratory
    - 9. Nutritional Therapy
    - 10. Occupational Therapy
    - 11. Observation
    - 12. Physical Therapy
    - 13. Pulmonary
    - 14. Radiology
    - 15. Respiratory Therapy
    - 16. Speech Therapy
    - 17. Surgical
    - 18. Ultrasound
- c. Services and goods not eligible for financial assistance include the following:
  - i. Elective procedures not medically necessary including and not limited to cosmetic services.
  - ii. Other care providers not employed at LHC (e.g. the Radiologist who reads and interprets any x-rays, the Pathologist who processes and examines tissues, or the Lab who analyzes blood tests)



- 1. Patients must contact the services providers directly to inquire about assistance with these practices.
- iii. Durable Medical Equipment Products/Services
- iv. Extended Care Services
- v. Foot Clinic Services
- vi. Home Health Services
- vii. Wellness Center Memberships/Services

**13. Determination of AGB Percentage**

- a. The AGB percentage shall be calculated for the initial relevant period no later than December 15, 2015. Thereafter, the AGB percentage shall be calculated no later than December 1 of each year, commencing on December 1, 2016 for the most recently completed relevant period.
- b. Each AGB percentage will be effective until the next annual calculation of the AGB percentage based on the most recent Relevant Period. LHC will utilize the “look-back method” as described in the Treasury Regulation §1-501(r)-5(b) (1) (B) to determine AGB percentage.
- c. The AGB percentage is calculated by dividing Medicare reimbursement received for hospital and clinic claims including amounts received for co-payments, co-insurance, and deductibles by the sum of gross charges for those claims.

**14. Monitoring of the Program**

- a. PFS personnel under the supervision of the Director of Finance will be responsible to monitor the appropriateness of the Financial Assistance Program, the charges, patient days and allowances. PFS has the responsibility of monitoring and ensuring that a reasonable effort has been made to determine whether an individual is FAP-eligible and for determining whether and when extraordinary collection actions may be taken in accordance with this policy and the Billing and Collections Policy.

**Date of Origin:** 01/98;  
**Date of last Review:** 02/02; 04/03; 06/04; 06/05; 05/06; 05/07; 06/08; 07/09; 07/10; 07/11; 07/12; 05/13; 05/15; 02/16; 08/17; 12/20  
**Date(s) of Revision:** 10/02; 03/03; 03/04; 01/06; 01/07; 10/08; 12/15; 03/16; 08/17; 12/20; 01/22  
**Effective Date:** 12/15

**Contract Person(s):** Chief Financial Officer or Director of Finance

**Executive Approval:** \_\_\_\_\_

**Date of Board of Director’s Review:** 12/10/15

## Appendix A

### **Template for Plain Language Summary of Financial Assistance program**

#### PLAIN LANGUAGE SUMMARY OF FINANCIAL ASSISTANCE PROGRAMS AT PONDERA MEDICAL CENTER

Logan Health - Conrad offers a Financial Assistance Program to patients who are unable to meet their monetary obligations for medically necessary services.

For individuals to qualify for the financial assistance program and be eligible for a partial discount, the individual's household income must be at or below 250% of the current Federal Poverty Guidelines. For individuals to be eligible for a 100% reduction from gross charges (i.e. full write-off) the individual's household income must be at or below 100% of the current Federal Poverty Guidelines.

If you qualify for the financial assistance program, you will be charged no more than amounts generally billed for same services. You will never be required to make advance payment or other payment arrangements in order to receive services.

In order to apply for financial assistance, you will need to complete the Financial Assistance Application (FAA) and provide only copies of the following; originals will not be returned.

1. A copy of last year's Federal or State Income Tax return or written statement verifying current income;
2. A copy of most recent current year pay stub, Social Security benefit notification, or written statement from employer verifying current income;
3. A copy of eligibility status from the Department of Public Health and Human Services (DPHHS) for each individual applicant and dependents.

A free copy of the financial assistance policy, financial assistance application, and the billing and collection policy are available on the LHC website at [www.logan.org](http://www.logan.org). Copies are also available upon request and without charge in person and by mail.

Patient Financial Services personnel is available to answer questions and provide information about the Financial Assistance Program and the application process, as well as provide contact information for MASH, a nonprofit organization available to assist with applications. The Patient Financial Services department is located behind the hospital's outpatient registration area and across from the surgical hall.

Appendix B

Sliding Fee Schedule (SFS)

| <b>Maximum Annual Income Amounts for each Category</b> |                                      |        |        |         |
|--|--------------------------------------|--------|--------|---------|
| Poverty Level  | 100%                                 | 150%   | 200%   | 250%    |
|  | <b>Financial Assistance Discount</b> |        |        |         |
| Family Size  | 100%                                 | 75%    | 50%    | 25%     |
| 1  | 12,880                               | 19,320 | 25,760 | 32,200  |
| 2  | 17,420                               | 26,130 | 34,840 | 43,550  |
| 3  | 21,960                               | 32,940 | 43,920 | 54,900  |
| 4  | 26,500                               | 39,750 | 53,000 | 66,250  |
| 5  | 31,040                               | 46,560 | 62,080 | 77,600  |
| 6  | 35,580                               | 53,370 | 71,160 | 88,950  |
| 7  | 40,120                               | 60,180 | 80,240 | 100,300 |
| 8  | 44,660                               | 66,990 | 89,320 | 111,650 |
| For each additional person, add                        | 4,540                                | 6,810  | 9,080  | 11,350  |

- Based on [2022 Federal Poverty Guidelines](#)