

POLICY AND PROCEDURE MANUAL HENDRICKS COMMUNITY HOSPITAL ASSOCIATION	Section: Business Office Policy No: BO:14 Page: 1 of 9 Effective: 06/13 Revision: 02/14,01/16
SUBJECT: Financial Assistance and Billing Practices	

I. INTRODUCTION

- 1.1 Hendricks Community Hospital Association is committed to providing healthcare services to all persons in need, without regard to the consideration of age, race, sex, creed, national origin or ability to pay.
- 1.2 Our philosophy on providing healthcare for sick and needy patients:
 - 1.2.1 We believe that providing healthcare for those who require it is an obligation of justice, as well as charity and mercy.
 - 1.2.2 We believe that all persons have a right to medically necessary healthcare and equal access to diagnostic and therapeutic treatment regardless of financial status.
 - 1.2.3 We believe caring and ensuring equal access to medically necessary healthcare is a societal obligation and should be shared by all healthcare institutions and society in general.
 - 1.2.4 We believe that our health care organization, because of our deep concern for human dignity, has an obligation to respond as fully as possible to the healthcare needs of the poor and medically indigent in our area.
 - 1.2.5 We believe that we have a dual responsibility to maintain a leading role in providing medically necessary, cost effective healthcare for the poor and medically indigent and to take an advocacy role by working toward adequate reimbursement of healthcare services for the poor and medically indigent.

II. PURPOSE

- 2.1 The purpose of this policy is to state specifically how Hendricks Community Hospital Association views financial assistance, charity care, how requests for charity care will be addressed, and to ensure that we follow and apply uniform billing practices.
- 2.2 Patients who are without health insurance, or otherwise show a demonstrated inability to pay for healthcare services received, may qualify for various financial assistance programs. Providing qualified patients with financial assistance for healthcare needs is an essential element of fulfilling the Hendricks Community Hospital Association mission.

III. POLICY

- 3.1 Hendricks Community Hospital Association is committed to providing charity care to persons who have healthcare needs and are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay for medically necessary care based on their individual financial situation. Consistent with its mission to make a positive impact in the lives and health of persons and communities by providing quality services guided by Christian values, Hendricks Community Hospital Association strives to ensure that the financial capacity of people who need health services does not prevent them from seeking or receiving care.
- 3.2 Charity care is not a substitute for personal responsibility. Patients are expected to cooperate with Hendricks Community Hospital Association procedures for obtaining charity care or other forms of financial assistance and to contribute to the cost of their care based on their ability to pay. Individuals and/or families with the financial capacity to purchase health insurance are encouraged to do so, as a means of assuring access to health care services, for their overall personal health, and for the protection of their individual and/or family assets.
- 3.3 Hendricks Community Hospital Association shall maintain an open door policy to provide **emergency and medically necessary medical care** to the community within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395dd). No limitations or situations for rendering care will be based on the patient's ability to pay.

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- 3.4 This policy is specifically targeted at low-income, uninsured and underinsured patients who meet certain eligibility requirements and is not intended to be applied to insured or self insured patients who have the means to accept the responsibility for their incurred charges.
- 3.5 Hendricks Community Hospital Association recognizes that certain state and/or federal laws require it to make good-faith efforts to collect all accounts and as such, collection agency services will be utilized in accordance with standard business industry practice.
- 3.6 Additionally, Hendricks Community Hospital Association recognizes that certain state and/or federal laws do not allow discounts to all patients and as such, Hendricks Community Hospital Association will only consider discounts on a case-by-case basis as requested by the patient or his or her legal representative or guardian. Hendricks Community Hospital Association also recognizes that laws may prevent it from discounting or waiving certain co-pays and deductibles.
- 3.7 Any patient can complete an application and apply for financial assistance. Financial assistance can include full or partial charity adjustments, Medicaid, and other state and county assistance programs. The financial assistance program is designed to meet all Federal and State requirements.
- 3.8 Hendricks Community Hospital Association has discretion to weigh any extenuating circumstances when determining eligibility for financial assistance and when determining discount levels. Any such determinations must meet the parameters of this policy at a minimum such that eligibility may become easier for a patient to meet or discount levels are greater than prescribed in this policy.

IV. GUIDING PRINCIPLES

- 4.1 To: Provide community assistance to patients and families when charges for hospital/clinical services received create an undue financial hardship.
- 4.2 To: Create a process in which all financial resources of the patient is evaluated (including household income and under some state laws, the income of adult children) and charity care provided relative to the patient's entire financial situation including all healthcare obligations.
- 4.3 To: Provide a uniform, consistent billing practice and charity care program.

V. DEFINITIONS

- 5.1 Bad Debt is defined as those amounts that are uncollectible and do not meet the charity care services eligibility criteria. Bad Debt is the result of unsuccessful collection efforts on accounts of patients unwilling to pay. Hendricks Community Hospital Association will use all methods legally available to collect on accounts of patients who have the means, yet are unwilling to pay. Any discounts to and write-offs due to bad debt shall not count as charity care.
- 5.2 Charity Care: Up to 100% free medical care for Emergency or Medically Necessary Services provided by Hendricks Community Hospital Association. Patients who are Uninsured or Underinsured for a medically necessary service who are ineligible for governmental or other coverage, and who have family incomes not in excess 125% of the Federal Poverty Guidelines may be eligible to receive Charity Care. Hendricks Community Hospital Association may determine a patient's eligibility for Charity Care any time information on the patient's eligibility becomes available.

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- 5.3 Financially Indigent: Uninsured or underinsured patients who are provided care with no obligation or a discounted obligation to pay for the services rendered. These patients are also defined as poor or economically disadvantaged and have income at or below federal poverty levels.
- 5.4 Indigent by Design: Patients who were offered health insurance and chose not to participate in the employer's health plan AND whose income is in excess of 400% of the Federal Poverty Guidelines. Hendricks Community Hospital Association, at its sole discretion, grant a discount to patients deemed to be indigent by design and will work with such patients to arrive at a payment schedule acceptable to both parties. Hendricks Community Hospital Association will use all methods legally available to collect on accounts of patients who are deemed indigent by design. Any discounts in this category shall not count as Charity Care.
 - 5.4.1 Other situations that may be deemed Indigent by Design include, but are not limited to:
 - 5.4.1.1 Patients under 26 who qualify for inclusion on their parent's health insurance plan.
 - 5.4.1.2 College students who did not elect the student health plan.
 - 5.4.1.3 College students who are not working in some capacity.
- 5.5 Medically Indigent: Patients who's medical or hospital bills, after payment by third-party payers, exceed the financial resources available to the patient. The patient who incurs catastrophic medical expenses is classified as medically indigent when payment would require liquidation of assets critical to living or would cause undue financial hardship to the family support system. In addition, medically indigent shall also include catastrophic medical expenses of patients where after payment by third-party payers, the residual amount exceeds the financial resources available to the patient.
- 5.6 Medically Necessary: Health care services or products that a prudent physician would provide to a patient for the purpose of preventing, diagnosing, or treating an illness, injury, disease or its symptoms in a manner that is: (a) in accordance with generally accepted standards of medical practice; (b) clinically appropriate in terms of type, frequency, extent, site and duration; and (c) not primarily for the convenience of the patient, physician, or other health care provider. (AMA definition of "medical necessity" Policy H-320.953[3], AMA Policy Compendium).
- 5.7 Partial Charity Care: Care at a discounted rate for Emergency or Medically Necessary services provided by Hendricks Community Hospital Association. Patients who are Uninsured or Underinsured for a medically necessary service, and who have family incomes in excess of 125% of the Federal Poverty Guidelines, are eligible to receive Partial Charity Care in the form of a discount of up to 90% of net inpatient, outpatient and/or clinic charges. However, patients who would otherwise qualify for Partial Charity Care but who have sufficient liquid assets available to pay for care without becoming Medically Indigent are not eligible for Partial Charity Care. Authorized Patient Financial Advocates, Patient Financial Services and Senior Staff may grant a larger discount if the situation warrants and larger discount and may go up to 100%.
- 5.8 Patient - Household: Those who are responsible for payments for self or dependents. This may not be limited to those living directly at a single residence and may encompass any dependent relationship such as a child or dependent at college in a different town. This may also encompass other dependents living at the same residence such as dependent relatives living within the household.

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5.9 Presumptive Charity Care: A determination that a patient is presumed eligible for Charity Care when adequate information is provided by the patient or through other sources which allow Hendricks Community Hospital Association to determine that the patient qualifies for Charity Care.

VI. ELIGIBILITY (HR3590 (4)(A)(i))

- 6.1 Hendricks Community Hospital Association will adhere to an established methodology to determine eligibility for Charity Care and Partial Charity Care. The methodology shall consider whether health care services meet Emergency or Medical Necessity criteria, as well as income, net assets, family size, and resources available to pay for care.
- 6.2 Uninsured and underinsured patients whose income/family income does not exceed 125% of the current Federal Poverty Guidelines may be granted up to 100% forgiveness of their charges for emergent or medically necessary care. Patient's assets will be taken into account for eligibility even if his or her income/family income is at or below 400% of the Federal Poverty Guidelines. For example, a patient with annual income of \$10,000 and positive net assets of \$100,000 may have the resources to pay his or her bill.
- 6.3 Uninsured and underinsured patients whose income/family income is greater than 125% of the Federal Poverty Guidelines may be granted up to 90% forgiveness of their charges for emergent or medically necessary care based on a sliding scale.
- 6.4 Uninsured, underinsured, and indigent by design patients whose income/family income is greater than 400% of the Federal Poverty Guidelines may be eligible for discounted care based on their particular circumstances. Such discounts are at the discretion of the organization and will not be counted as charity care.
- 6.5 Hendricks Community Hospital Association has the option to provide a prompt pay discount. Such discounts are at the discretion of the organization and will NOT be counted as charity care.
- 6.6 Eligibility for Charity Care and Partial Charity Care will extend for up to 180 days from the date eligibility is determined, but can be re-examined at any time new information is available. The 180 day period is contingent upon the patient working in good faith with ~ on all payment sources.
- 6.7 Circumstances that may disqualify a patient for a charity care are:
 - 6.7.1 Fraud (providing false information on the Financial Assistance Application & Patient Financial Information Form).
 - 6.7.2 Patient or legal representative/guardian unresponsive to requests for information.
 - 6.7.3 Refusal to fully complete Financial Assistance Application & Patient Financial Information Form.
 - 6.7.4 Refusal to provide requested documentation of income and assets.
 - 6.7.5 Refusal to cooperate with the charity care policy.
 - 6.7.6 Refusal to cooperate with any reasonable payment arrangements.

VII. CALCULATION METHODOLOGY (HR3590 (4)(A)(ii))

- 7.1 All available financial resources shall be evaluated before determination regarding charity care or partial charity care is made. Hendricks Community Hospital Association shall consider the financial resources of the patient, as well as other persons having legal responsibility to provide for the patient (e.g. parent of a minor, spouse). Special consideration may be given for the patient's primary residence and primary vehicle.

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- 8.2 Some patients are presumed to be eligible for charity care discounts on the basis of individual life circumstances (e.g., homelessness, patients who have no income, patients who have qualified for other financial assistance programs such as food stamps or WIC). Hendricks Community Hospital Association shall grant only 100% charity care discounts to patients determined to have presumptive charity care eligibility. Hendricks Community Hospital Association shall internally document any and all recommendations to provide presumptive charity care discounts from patients and other sources such as physicians, community or religious groups, internal or external social services or financial counseling personnel.
- 8.2.1 To determine whether a qualifying event under presumptive eligibility applies, the patient/guarantor shall provide a copy of the applicable documentation that is dated within 30 days from the date of service.
- 8.2.2 For instances in which a patient is not able to complete an application for financial assistance, Hendricks Community Hospital Association may grant up to 100% charity care discount without a formal request, based on presumptive circumstances, approved by the Hendricks Community Hospital Association Business Office Manager, Director of Patient Accounts or Chief Executive Officer
- 8.2.3 The determination of presumptive eligibility for a 100% charity care discount shall be made by Hendricks Community Hospital Association on the basis of patient/guarantor income, not solely based on the income of the affected patient.
- 8.2.4 Individuals may not be required to complete additional forms or provide additional information if they already have qualified for programs that, by their nature, are operated to benefit individuals without sufficient resources to pay for treatment. Rather, services provided to such individuals may be considered charity care and shall be considered as qualifying such patients on the basis of presumptive eligibility.

IX. APPLICATION PROCESS (HR3590 (4)(A)(iii))

- 9.1 Copies of documents to substantiate income levels and assets shall be provided by the patient/guarantor (e.g.: W-2, Tax Returns, Pay Stubs, and Bank Statements).
- 9.2 The patient/guarantor shall be required to provide information sufficient for Hendricks Community Hospital Association to determine whether he or she is eligible for benefits available from insurance, Medicare, Medicaid, Workers' Compensation, third-party liability and other federal, state or local programs.
- 9.3 In the event that Hendricks Community Hospital Association determines that a patient is ineligible for Charity Care or Partial Charity Care, the patient may appeal that decision in writing to the Business Office Manager or designee within thirty (30) days following receipt of the bill for which financial assistance has been requested. Failure to appeal will result in the decision becoming final. The determination of the Business Office Manager or designee shall not be subject to further appeal.

X. BILLING AND COLLECTIONS (HR3590 (4)(A)(iv))

- 10.1 At the time of billing, the organization shall provide to all SELF-PAY, low-income, uninsured patients that qualify for free or discounted care under this policy the same information on services and charges that it provides to all other patients receiving care. Qualified patients will be granted a self pay discount and any applicable Charity Care discount. Thus, the gross charges, applicable discounts, and net balance will show on the bill with the net charges being the patient's responsibility to pay.

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- 10.1.1 If the patient qualifies for up to 100% charity care, no bill will be sent. A letter will be sent instead indicating that the patient's bill has been completely forgiven.
- 10.2 When sending a bill to any patient, the organization shall include on the bill all of the following information:
 - 10.2.1 A statement that indicates that if the patient meets certain income requirements the patient may be eligible for a government-sponsored program or for financial assistance from the organization for help in paying for the services that were provided; and
 - 10.2.2 A statement that provides the patient with an organization contact resource from which the patient may obtain information about the organization's financial assistance policy for low-income uninsured patients and how to apply for such assistance for the payment of services that were provided.
 - 10.2.3 Notices and contact information may be printed on the front or back of patient billings. The printing on the bill does not need to be exhaustive and may read similar to "Hendricks Community Hospital Association has a financial assistance policy if you meet certain requirements and are unable to pay part or all of your bill. Please contact the Business Office at 507-275-3134.
- 10.3 If the patient qualifies for the organization's financial assistance policy for low-income, uninsured patients and is cooperating with the organization with regard to efforts to settle an outstanding bill within a reasonable time period, the organization or its agent shall not send, nor intimate that it will send, the unpaid bill to any outside collection agency. At such time as the organization sends the uncollected account to an outside collection agency, the amount referred to the agency shall reflect the reduced-payment level for which the patient was eligible under the organization's financial assistance policy for low-income uninsured patients. Hendricks Community Hospital Association does not report any data to any of the credit agencies; however, the collection agencies Hendricks Community Hospital Association utilizes may report to the credit agencies.
- 10.4 Hendricks Community Hospital will allow 240 days from the first post discharge billing statement for patients to apply for financial assistance.
- 10.5 Hendricks Community Hospital will allow all patients 120 days from the first post discharge statement to apply for financial assistance before initiating any extraordinary collection activities, i.e. placement at a collection agency.
- 10.6 Prior to sending to a collection agency, Hendricks Community Hospital will provide the patient with a statement or final notice that contains a listing of the specific collection action(s) it intends to initiate including a date that any payment/arrangement is due. No additional action will be initiated until at least 30 days after such notice.

XI. PUBLIC NOTICE, POSTING AND COMMUNICATION WITH PATIENTS (HR3590 (4)(A)(v))

- 11.1 Hendricks Community Hospital Association shall post a notice, in accordance with the Community Assurance Provision of the Hill-Burton Act and various other State and Federal requirements, regarding the availability of financial assistance for the payment for services provided to low-income uninsured patients.
- 11.2 The Community Assurance Provision of the Hill-Burton Act under Title VI of the Public Health Service Act requires recipients of Hill-Burton Funds to make services provided by the

facility available to persons residing in the facility's service area without discrimination on the basis of race, color, national origin, creed, or any other ground unrelated to the individual's need for the service or the availability of the needed service in the facility. The community service obligation does not require the facility to make non-emergency services available to persons unable to pay for them. It does, however, require the facility to make emergency services available without regard to the person's ability to pay. This assurance is in effect for the life of the facility only so long as the facility is operated by a not-for-profit or public entity. For reference, please visit <http://www.hhs.gov/ocr/hburton.html> and <http://www.hrsa.gov/osp/dofcr/obtain/CONSFAQ.HTM>.

- 11.3 Notices shall be posted in the community's dominant language(s) in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration, such as emergency departments, billing offices, admitting offices, and outpatient service settings as well as the organization's website. Posted notices shall contain the following:
 - 11.3.1 A statement indicating that the organization has a financial assistance policy for patients who are low income and/or uninsured may not be able to pay their bill and that this policy provides for charity care and reduced-payment for healthcare services; and
 - 11.3.2 Identification of a contact phone number that a patient can call to obtain more information about the financial assistance policy and about how to apply for such assistance.
- 11.4 In addition, Hendricks Community Hospital Association organizations will make the financial assistance policy widely publicized within the communities they serve.
- 11.5 Hendricks Community Hospital Association shall make available to the public on a reasonable basis, notification that it has a financial assistance program for low-income, uninsured patients and the organization's contact person or department to request financial assistance.
- 11.6 Hendricks Community Hospital Association shall make available to the public this policy or any local variation of this policy.

XII. LIMITATION ON CHARGES (HR3590 (5)(A) & (B)) (dependent upon final IRS rule)

- 12.1 The Hendricks Community Hospital Association recognizes that Medicare regulations require uniform Hospital "charges" for cost reporting purposes. Therefore, all patients must be "charged" the same amount for the same service.
- 12.2 Hendricks Community Hospital Association also recognizes that Section 501 (r)(5) limits amounts "charged" to patients for emergency or other medically necessary care to amounts not more than those generally billed to individuals who have insurance covering such care.
 - 12.2.1 Hendricks Community Hospital shall bill 100% self-pay patients who qualify for charity care or financial assistance under this policy (incomes at or less than 400% of the Federal Poverty Guidelines) not more than the Medicare OP adjustment rate. This rate will be reviewed on an annual basis.
 - 12.2.2 In the instance where a State, Federal or other regulation or agreement is more stringent than Section 501(r)(5), the method prescribed in that regulation or agreement will be followed. One specific example is the Minnesota Attorney General agreement with the hospitals. That agreement specifies that the hospitals shall provide the most favored insurer discount.
- 12.3 The statement sent to the patient will show the gross charges, self-pay discount, any charity care or financial assistance discounts and the net patient responsibility amount.

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XIII. DATA COMPILATION AND REPORTING REQUIREMENTS

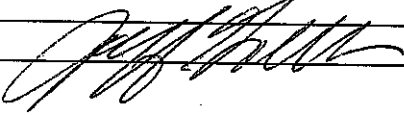
13.1 The Hendricks Community Hospital Association shall annually make available to the public on a reasonable basis the following data in accordance with the Internal Revenue Service (IRS) guidelines:

13.1.1 The amount of charity care provided based on cost.

13.1.2 The un-reimbursed costs of care provided to beneficiaries of government programs including, but not limited to Medicaid and county indigent programs with this item being defined as the shortfalls between costs and off-setting reimbursement/revenue that a hospital experiences in providing care.

13.1.3 The un-reimbursed costs of care provided to beneficiaries of Medicare with this item being defined as the shortfalls between costs and off-setting reimbursement/revenue that a hospital experiences in providing care. This item is not to be included in the Community Benefits Report except as a separate note.

13.1.4 The amount of Bad Debt incurred based on cost. This item is not to be included in the Community Benefits Report except as a separate note.

APPROVED: 	DATE: 1-28-16
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