Title: Financial Assistance Policy

Policy Number: 604.00

Effective Date: June 2007

Policy:

It is the company's policy to provide financial relief based on federal poverty guidelines to patients with no health insurance or other state, or federal health payor assistance through established protocols for the requesting and processing of the **Financial Assistance Disclosure Form** (**Attachment B**) and supporting documentation.

Uninsured discounts will be provided to patients according to a discount scale as outlined in this policy. An insurance validation should be completed to ensure that no portion of the patient's medical services will be paid by any federal or state governmental health care program (e.g., Medicare, Medicaid, Champus, Medicare HMO, Medicare secondary payor), private insurance company, or other private, non-governmental third-party payor source.

Definition:

Financially Indigent is defined as those patients who are accepted for medical care who are uninsured or underinsured with no or a significantly limited ability to pay for the services rendered. These patients are also defined as economically disadvantaged and have incomes at or below the federal poverty guidelines **(**http://www.liheap.ncat.org/profiles/povertytables/FY2007/popstate.htm**).** An individual may also be classified as "categorically needy" by proof of entitlement to some state or federal government programs such as SSI, Food Stamps, Aid to Families with Dependent Children (AFDC) or Medicaid for which entitlement has been established, but for which coverage is not available for the expected dates of service.

Procedure:

The Business Office Director (BOD) or his/her designee is responsible for ensuring completion of the **Financial Assistant Disclosure Form** (**Attachment B**). This form should be completed by the patient/responsible party, if possible, during the registration process.

Along with the completion of the Financial Assistant Disclosure Form, the BOD or his/her designee should obtain supporting income verification documentation from the responsible party. The preferred minimum documentation will be the most current year's Federal Tax Return.

However, if the patient/responsible party is not able to provide these documents, then two pieces of supporting documentation from the following list will be acceptable:

- State Income Tax Return for the most current year
- Employer Pay Stubs for the last six months
- Written documentation from all income sources
- Copy of all bank statements for the last three months
- Current credit report

After thorough review of the Financial Assistance Disclosure Form and documented research through Medicaid eligibility denial or other means, a BOD may waive supporting documentation when it is apparent that the patient/responsible party is unable to meet the requirement and clearly meets the uninsured charity guidelines set forth in this policy.

Registrars, Financial Counselors and Collectors should utilize all relevant on-line systems available to learn about the patient's potential insurance coverage and determine their financial disposition (i.e. Equifax, TRW or Medicare and Medicaid online eligibility tools). All efforts should be documented in a clear, concise and consistent manner in the patient accounting system. All supporting documentation should be attached to the Financial Assistance Disclosure Form and filed in the patient's financial folder.

The Chief Executive Officer (CEO) and staff should ensure that this policy for assisting financially indigent patients is applied consistently. When communicating with patients regarding this policy, making determination under this policy, and obtaining information related to this policy, staff should demonstrate respect and integrity in all internal and external dealings. Staff shall comply with applicable federal and state confidentiality laws, including HIPAA rules and regulations.

In order to receive discounted healthcare, the financially indigent patient must cooperate fully with the facility's need for accurate and detailed financial information, including the timely production of necessary documentation to support the application for financial need. Failure to do so may subject the patient to denial of discounted healthcare.

The facility will notify patients and appropriate community health and human services agencies and other organizations that assist patients of this policy.

Method for Calculating the Discount:
After confirming that the patient/responsible party is financially indigent, determine the discount as follows:

1. Using the Federal Poverty Guideline (FPG) Schedule **(**http://www.liheap.ncat.org/profiles/povertytables/FY2007/popstate.htm**)**, find the number of the guarantor's dependents under the column labeled "Family Size". Then, locate the guarantor's annual income on the same row as the Family Size. In most cases, the guarantor's income will fall between two percentage categories (much like the tax schedule individuals use each year in determining what they owe the government).

2. With this information, determine the discount percentage based on the discount scale included herein.

Example:

Mr. Jones is uninsured and has met the criteria for financially indigent. According to his state income tax return, Mr. Jones earned $45,000 and has a family of 4 dependents. Mr. Jones's total charges are $30,000. In this example, Mr. Jones income level is less than 250% of the FPG and would therefore be eligible for an 80% discount or $24,000. Mr. Jones will be responsible for the remaining $6,000.

DISCOUNT SCALE

Income Level	**% Discount on Total Charges**
Equal or less than 250% of FPG	80%
251% - 300% of FPG	60%
301% - 350% of FPG	40%
351% - 400% of FPG	20%
Greater than 400% of FPG	0%

This discount scale is intended to be used as a guide. In certain situations, the facility may request an exception where managed care discounts for their market are greater than what the guideline would suggest for a self pay account. This exception would provide a patient/guarantor with a comparable discount to the facility's managed care book of business.

All Self Pay patient accounts must be recorded in the Self Pay financial class unless the patient meets charity care guidelines. Refer to PSI **Accounting Policy #116.01 "*Administrative and Charity Care Adjustments***" and **Business Office Policy #633.00 "*Administrative, Denial and Charity Adjustments***" for further guidance regarding the treatment of these accounts.

See **Attachment C (Notification of Eligibility for Financial Assistance)** for a form notification letter to inform patients/responsible parties of the facility's determination of financial assistance.

Authorization/Approval Process:

All financially indigent patient adjustments shall be written up on a **Patient Account Adjustment Authorization Form** (**Attachment A**) which must be reviewed and signed by the facility BOD and CFO prior to posting to the patient's account or general ledger. Any adjustment greater than $5,000 must also be reviewed and signed off by the facility CEO and any adjustment greater than $10,000 must also include the divisional CFO approval prior to posting to the patient account or the general ledger (or accrual).

All authorization forms are to be maintained by the BOD in the patient's financial folder.

Discounted healthcare under this policy shall in no way be linked in any manner to the generation of business payable by federal or state healthcare programs or tied directly or indirectly to the furnishing of items or services payable by a federal or state healthcare program. Specifically, facilities are prohibited from waiving co-pays and deductibles for Medicare and Medicaid patients.

REFERENCE:

- Patient Account Adjustment Authorization Form **(Attachment A)**
- Financial Assistance Disclosure Form **(Attachment B)**
- Notification of Determination of Eligibility for Financial Assistance **(Attachment C)**

Approvals:

Administrative: _____ Date: _____