



Subject Title:	Financial Assistance Billing and Collections Policy	Department:	Patient Financial Services
Effective Date:	December 23, 2015	Department Initiator:	Kim Hixson, CFO
Distribution:	Intranet: Patient Financial Services	Policy #:	PFS-0003.00
Supersedes:	ADM-049_2	Author:	Kathy Jasa, CCS

I. PURPOSE

- A. The purpose of this policy is to state specifically how Providence Medical Center (PMC) views financial assistance, applies charity care, and how requests for financial assistance will be addressed, as well as ensure that PMC follows and applies uniform billing practices.

Patients who are without health insurance, are underinsured, or otherwise show a demonstrated inability to pay for emergency or medically necessary healthcare services received may qualify for financial assistance. Providing qualified patients with financial assistance for healthcare needs is an essential element of fulfilling PMCs mission.

PMC is guided by the fundamental principle of providing community assistance to patients and families when charges for services received create an undue financial hardship. This policy allows PMC to create a process in which all financial resources of the patient are evaluated, including all household income and assets, and financial assistance provided relative to the patient's entire financial situation including all healthcare obligations.

This policy will provide a uniform, consistent billing and collections practice, including a financial assistance program.

II. POLICY

- A. This policy only applies to PMC and does not apply to the following groups that may treat a PMC patient:
1. Omaha OB/Gyn
 2. June E. Nysten Cancer Center
 3. Wilcockson Eye Associates
 4. CNOS
 - a. Neurosurgery
 - b. Orthopedics
 5. Dr. Steven Meinhold, DPM
 6. Faith Regional Physician Services



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- a. Pulmonology Clinic
 - b. Nephrology Clinic
 - c. Orthopedic Clinic
 - d. Wayne Family Medicine Physicians
7. Sioux City Urological Associates
 8. Cardiovascular Associates, PC
 9. Mercy Cardiology
 10. Nebraska Heart Institute
 11. Dr. Robert Burrows, DDS
 12. Dr. Leslie Holloway, DDS
 13. Midlands Clinic, PC
 14. ENT Consultants
 15. Plaza West Psychiatrists
 16. NMC Physicians
- B. PMC is committed to providing financial assistance to persons receiving medically necessary healthcare services who are unable to pay their bill based on their individual financial situation. Factors may include being uninsured, underinsured or ineligible for government assistance. Consistent with its mission to provide quality healthcare in the spirit of Christ, PMC strives to ensure that the financial capacity of people who need health services does not prevent them from seeking or receiving care.
- C. Financial assistance is not a substitute for personal responsibility. Patients are expected to cooperate with PMC's procedures for obtaining 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.
- D. PMC will maintain an open door policy to provide emergency and medically necessary medical care to the community it serves within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395 dd., the Emergency Medical and Labor Treatment Act). No limitations to providing emergency medically necessary care will be based on the patient's ability to pay.
- E. 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.
- F. PMC recognizes that certain state and/or federal laws require a good-faith effort to collect all accounts. Therefore, collection agency service will be utilized in accordance with standard business industry practice.



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- G. Additionally, PMC realizes that certain state and/or federal laws do not allow discounts to all patients and as such, PMC will only consider discounts on a case-by-case basis as requested by the patient or his or her legal representative or guardian. PMC also recognizes that laws may prevent it from discounting or waiving certain co-pays and deductibles.
- H. Any patient can complete an application and apply for financial assistance. Financial assistance can include full or partial charity adjustments. This financial assistance program is designed to meet all Federal and State requirements.
- I. The following PMC programs will not be eligible for financial assistance within this policy. These programs/services will require documented insurance authorization and/or pre-payment, (either in full in the case of self-pay, or if insurance is available, the amount of any remaining insurance deductible), by the individual responsible for payment prior to commencement of treatment:
 - a. Cosmetic surgery/procedures;
 - b. Amplified Musculoskeletal Pain Syndrome Program;
 - c. Court Ordered Drug and Alcohol Diversion Program;
 - d. Drug and Alcohol Counseling.
- J. PMC reserves the right 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 so that eligibility qualifications for discounts granted may become easier for a patient to meet.

III. PROCEDURE:

- A. **Bad Debt:** Amounts that are uncollectable and do not meet criteria for application of financial assistance policies. Bad Debt is the result of unsuccessful collection efforts on accounts of patient unwilling to pay. PMC will use all methods legally available to collect on accounts of patients who have the means, yet are unwilling to pay. Any discounts or write-offs due to bad debt shall not count as charity care.
- B. **Full or Partial Financial Assistance:** Emergency or medically necessary services may be discounted from 5% to 100% based on qualifying eligibility. Discounts are offered to patients who are uninsured or underinsured or otherwise ineligible for governmental or other coverage and who have family incomes that fall at or below 300% of Federal Poverty Guidelines or who are otherwise found financially indigent by PMC. Patients who would otherwise qualify for financial assistance but who have sufficient assets available to pay for care without becoming Medically Indigent are not eligible for financial assistance. PMC may determine or re-determine a patient's eligibility for financial assistance any time information about the patient's eligibility becomes available.



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- C. 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.
- D. Indigent by Design: Patients who were offered health insurance and chose not to participate in the employers health plan AND whose income is in excess of 400% of the Federal Poverty Guidelines. PMC may, 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. PMC 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.

Other situations that may be deemed Indigent by Design include, but are not limited to:

1. Patients under 26 who qualify for inclusion on their parent's health insurance plan
2. College students who did not elect the student health plan
3. Patients eligible for Medicaid or ACA assistance

- E. Medically Indigent: Patients who have medical or hospital bills, which 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.
- F. 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; and (d) not otherwise stated in this policy as not qualifying for financial assistance within this policy as set forth in Section II. Paragraph I because they are not considered medically necessary within the generally accepted standards of the community. (AMA definition of "medical necessity" Policy J-320.953[3], AMA Policy Compendium).
- G: 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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H. Presumptive Financial Assistance: A determination that a patient is presumed eligible for complete financial assistance when adequate information is provided by the patient or through other sources which allow PMC to determine that the patient qualifies for full financial assistance or Charity Care.

I. Eligibility

1. PMC will adhere to an established methodology to determine eligibility for Full and Partial Financial Assistance. 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. Please see Attachment C.

2. Patient's assets will be taken into account for eligibility even if his or her income/family income is at or below 300% of the Federal Poverty Guidelines. For instance, 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.

3. Uninsured or underinsured patients whose income is between 100% to 300% of Federal Poverty Guidelines are eligible for financial assistance based on a sliding scale as follows:

K. Income as a Percentage of Federal Poverty Guidelines	L. Allowed discount
M. 300% and above	N. No discount allowed
O. 261-300%	P. Up to 25%
Q. 221-260%	R. Up to 40%
S. 181-220%	T. Up to 55%
U. 141-180%	V. Up to 70%
W. 101-140%	X. Up to 85%
Y. 0-100%	Z. Up to 100%

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.

5. PMC 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. A true self-pay patient may receive a 10% discount if payment is made in full within 30 days of receipt of their statement.

6. A patient who has a remaining balance after third party payment, co-pays and deductibles have been met, may receive a 5% discount on the remainder if paid within 30 days of receipt of their statement.



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7. Eligibility for Full or Partial Financial Assistance will extend for up to 180 days after eligibility determination is made, 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 PMC on all payment sources.
8. Circumstances that may disqualify a patient for financial assistance are:
 - a. Patient providing false information on the Financial Assistance Application Form.
 - b. Patient or legal representative/guardian unresponsive to requests for information.
 - c. Refusal to fully complete Financial Assistance Application Form.
 - d. Refusal to provide requested documentation of income and assets.
 - e. Refusal to cooperate with the financial assistance policy.
 - f. Refusal to cooperate with any reasonable payment arrangements.

J. Calculation Methodology

1. All available financial resources shall be evaluated before a determination regarding financial assistance is made. PMC 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.
2. If in the course of evaluating the patient's financial circumstances, it is determined by PMC staff that the patient may qualify for federal, state or local programs or insurance coverage, patients will be encouraged and assisted to apply for available coverage. Financial assistance may be denied to patients/guarantors who do not cooperate fully in applying for available coverage.
3. Patients with a Health Savings Account are insured for the purposes of this policy and the amount on deposit will be considered as an available resource toward payment for services.
4. If a patient has a claim or potential claim, against a third party from which the hospital's bill may be paid, the hospital will defer its Financial Assistance determination pending disposition of the third party claim.
5. Eligibility for financial assistance will be determined using the sliding scale as mentioned above, based on the most recent Federal Poverty Guidelines published in the Federal Register, as well as consideration of available assets and liabilities and any extenuating circumstances.
6. PMC will "score" the Financial Assistance application and the patient's bill will be adjusted to reflect any applicable discounts granted based on the parameters of this policy.
7. Patients/Guarantors shall be notified in writing when PMC makes a determination concerning financial assistance.



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8. All information obtained from patients and guarantors shall be treated as confidential to the extent require by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and any other applicable federal, state or local privacy laws. Applications and supporting documentation will be stored outside the patient's medical record.

K. Presumptive Charity Care

1. Presumptive Charity Care is a tool of last resort and applies only after all other avenues have been exhausted. There are occasions when a patient may appear eligible for a charity care discount, but there is no financial assistance form on file because documentation was lacking that would support the provision of financial aid. Such instances have resulted in a patient's bill being assigned to a collection agency and ultimately recognized in the accounting records as a bad debt expense, due to a lack of payment. This approach, however, results neither in a fair solution for the patient nor in an appropriate accounting of the transaction. Often there is adequate information provided by the patient or through other sources, which could provide PMC with sufficient evidence to provide the patient with full financial assistance, without needing to determine eligibility for medical indigence. This presumptive eligibility, when properly documented internally by PMC staff, is sufficient to provide financial assistance to patients who qualify. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted to the patient is 100% write-off of the account balance.

2. Some examples of qualifying circumstances would be homelessness, patients who have no income, and patients who have qualified for other financial assistance programs such as food stamps or WIC.

3. A patient who is unable to complete an application for financial assistance may still be eligible for presumptive eligibility, based on presumptive circumstances such as listed above. The Patient Financial Services Director, the CFO or CEO or designee may grant this eligibility.

4. Payments previously made on presumptive accounts will not be refunded to the patient.

L. Application Process

1. Patients can apply for financial assistance by contacting Patient Financial Services or by visiting www.providencemedical.com to obtain all application materials. Please attachment A/B, Financial Assistance Application.

2. Copies of documents to substantiate income levels and assets shall be provided by the patient/guarantor, such as W-2 forms, most recent tax return, pay stubs and bank statements. These forms will be used to determine possible eligibility for benefits available from any other state or local program, or Medicare, Medicaid or Worker's Compensation.

3. If a patient is deemed ineligible for financial assistance, they may appeal that decision in writing to the CFO within thirty (30) days following receipt of the bill for which financial



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assistance has been requested. Failure to appeal will result in the decision becoming final. The CFO's decision is not subject to further appeal.

4. Patient who return a completed application must have all extraordinary collection activities suspended on their accounts until a determination is made.

5. Patients who return an incomplete application must be sent a letter indicating what information is needed to process their application and who to contact with questions. Patients must be given an additional 10 business days to complete the application and all extraordinary collection activities must be suspended.

6. Applications will be scored and determination letters will be mailed out no later than three weeks from receipt.

M. Billing and Collections Process

1. At the time of billing, PMC will provide to all its patients information on services and charges. Patients who qualify will be granted a self-pay discount, as well as any applicable financial assistance. The statement they receive will reflect the adjustments.

2. If the patient qualifies for 100% financial assistance, no further bills will be sent, but rather a letter, which states that the entire bill has been forgiven.

3. Statements sent to patients will include language regarding how to apply for financial assistance and contact information for reaching PMC staff for help in doing so, including phone numbers, internet addresses and physical location.

4. After reaching self-pay status, a statement will be generated and sent to the patient. Statements will be generated on a daily basis.

5. Patients will get one statement per month.

6. A patient is in acceptable status as long as payment in full is received in the first 30 days or a payment plan is generated.

7. PMC offers payment plans as follows:

a. A minimum payment of 100.00 is expected

b. A maximum of 18 months is allowed for payment in full

c. Minimum payment reflects the 18 month timeframe. So, for example, a minimum monthly payment on a \$5000.00 bill would be \$208.00.

8. If a patient is unable to meet the minimum payment requirements as listed above, PMC will work with the patient, offering financial assistance if applicable, or it will refer the patient to a bank loan program structured specifically for patients with high hospital bills. Collections activity will be the last resort.

9. Patients who are in self-pay status are in a tiered structure as outlined by Attachment F.

10. If a patient fails to make a scheduled payment, they fall into the next tier.

11. A patient is not required to "make up" missed payments, however, missing a payment causes them to fall into the next lower tier, and they are unable to regain



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Acceptable 1 or Acceptable 2 status, based on where the level they are at when the missed payment occurs. They will stay in corresponding status for the remainder of the life of the payment plan. Any further missed payment causes the patient to continue down the tier to eventual collections activity.

12. PMC will allow 120 days from the first post discharge statement before initiating any extraordinary collection activities (ECA). PMC considers placement at a collection agency an ECA. In addition, PMC will allow 240 days from the first post discharge billing statement for patients to apply for financial assistance.

13. Prior to sending to a collection agency, PMC will provide the patient with a statement or final notice that contains a listing of the specific collection actions(s) it intends to initiate, and a deadline after which they may be initiated. This collection action can take place no earlier than 30 days after the date the notice is provided. A summary of the Financial Assistance Policy will also be included with the notice. The language to be used on statements or billing notices is: "Extraordinary collection activity may result upon non-payment of your account within 30 days of the date of this notice. This activity may include the placement of your account with a debt collection agency. Subsequent to judgement, the collection agency may choose to proceed with garnishment."

14. Any extended payment plans offered by PMC in settling the outstanding bills of patients who qualify for financial assistance shall be interest free. PMC generally does not offer extended payment plans.

N. Public Notice, Posting, and Communication with Patients

1. PMC shall post a notice regarding the availability of financial assistance for the payment for services provided to low-income, uninsured and underinsured patients who meet eligibility requirements. Notices shall be placed in the community's dominant language(s) in a visible manner in locations where there is a high volume of inpatient or outpatient traffic, such as emergency departments, registration and scheduling, the Patient Financial Services office as well as the PMC public website.

2. Posted notices shall include the following (Attachment E):

a. A statement indicating that the organization has a financial assistance policy for patients who are low income and/or uninsured and may not be able to pay their bill. This policy provides for charity care and reduced payment for healthcare services; and

b. Information on a contact phone number patients can call to obtain more information about the financial assistance policy and about how to apply for such assistance.

3. In addition, PMC will make the financial assistance policy widely publicized within the community. Publication may include, but is not limited to, newspapers, radio, or television advertisements, website, mailers, flyers, or distribution at centers or locations frequented by indigent populations such as food pantries or shelters.



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4. PMC shall post on its website and otherwise make available to the public this policy, including a plain language summary of the policy (Attachment D). This summary will be offered prior to discharge and in the final billing statement prior to any extraordinary collection activities.

5. This policy will be made available in English and in Spanish.

6. This policy is subject to change without prior notice, is subject to interpretation by PMC at its sole discretion, and is not intended to create any contractual relationship or obligation.

O. Limitation on Charges

1. PMC recognizes the Medicare regulations require uniform Hospital "charges" for cost reporting purposes. Therefore, all patients must be "charged" the same amount for the same service.

2. PMC also recognizes that Section 501(r)(5) limits amount "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. In context, we believe that Congress utilized the word "charged" interchangeably with "billed".

3. Therefore, PMC shall BILL 100% self-pay patients who qualify for full or partial financial assistance under this policy not more than the overall adjustment rate. This adjustment rate will be arrived at by utilizing a Look Back Method, or a Prospective Payment method, as outlined in Attachment C. PMC has chosen to utilize the Prospective Method.

IV. EQUIPMENT NEEDED--NA

V. REFERENCES

- A. Section 501(r) of the Internal Revenue Code
- B. Avera Policy and Procedure, "Financial Assistance and Billing Practices".
<http://www.avera.org/app/files/public/4735/avera-financial-assistance-corp.pdf>
- C. Baird Holm Financial Assistance Sample Policy and Instruction Guide
- D. Connance 501(r) Compliance Checklist
- E. E. PMC EMTALA
- F. Policy Reviewed by Jason Lammler, JD on 12/15/2015

VI. REVISION HISTORY

- 1. Updated content
- 2. Updated to new format

VII. ATTACHMENTS



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- A. Providence Medical Center Financial Assistance Application- English
- B. Providence Medical Center Financial Assistance Application- Spanish
- C. Explanation of Look Back and Prospective methods of determining the Average Generally Billed
- D. Plain Language Summary of Financial Assistance
- E. Posted Notice
- F. Payment Structure