

FINANCIAL ASSISTANCE

BUSS_0040

Start Date: 3/1/2018

Approval Date: 7/1/2018

I. PURPOSE:

Bay Area Hospital 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.

Although charity care is important, it is only one component of the community benefit that Bay Area Hospital provides. Other components of community benefit include, but are not limited to:

- Unpaid public health, wellness, and educational programs;
- Unpaid cost of Medicaid and other public programs;
- Provision of essential healthcare services such as an Emergency Department;
- Cash and in-kind donations on behalf of the poor and needy to community agencies; and
- Unreimbursed cost of training health professionals.

Consistent with our mission to improve the health of our community every day, Bay Area Hospital strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care.

POLICY:

Bay Area Hospital 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. Bay Area Hospital will provide, without discrimination, care of emergency medical conditions to individuals regardless of their eligibility for financial assistance or for government assistance.

Accordingly, this written Financial Assistance Policy (FAP):

- Includes eligibility criteria for financial assistance/charity care discounts;
- Describes the basis for calculating amounts charged to patients eligible for financial assistance under this policy;
- Describes the method by which patients may apply for financial assistance;
- Describes how the hospital will widely publicize the policy within the community served by the hospital; and
- Provides an explanation of how Amounts Generally Billed (AGB) are determined at Bay Area Hospital.

II. Amounts Generally Billed.

Following a determination of financial-assistance eligibility, an individual will not be required to pay more than the Amounts Generally Billed (AGB) for emergency or other medically necessary care

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provided to individuals with insurance or government payor programs, covering that care. At Bay Area Hospital, the AGB is determined by the "look-back" method, which is calculated as follows:

- A. The AGB is calculated by reviewing all past claims that have been paid in full to Bay Area Hospital for medically necessary care by Medicare fee-for-service together with all private health insurers paying claims to Bay Area Hospital, in the prior fiscal year period. This amount includes payments by insurance/government payors, and patient coinsurance, copayments, and deductibles (collectively, "Payments").
- B. AGB Percentage:
 1. The ABG Percentage is calculated annually, at the close of the fiscal year, by dividing the Payments for claims paid to Bay Area Hospital during the fiscal year, by the sum of the associated Gross Charges for those claims.
 2. The ABG Percentage is applied to all types of services received by individuals who qualify for financial assistance under this policy.
- C. The ABG Percentage is calculated not later than the 120th day after the end of the fiscal year. The AGB percentage will be applied to all applicable Hospital Bill Reductions for the coming fiscal year. The latest ABG Percentage in use by Bay Area Hospital is listed in Attachment A, AGB Percentage Applicable to Hospital Bill Reduction Discounts.
- D. For uninsured patients, the AGB Payment for emergency or medically necessary care provided to a financial assistance-eligible individual is determined by multiplying Gross Charges for that care by the AGB Percentage.
- E. For under-insured patients, the AGB Payment for emergency or medically necessary care provided to a financial assistance-eligible individual is determined by multiplying the AGB Percentage by the patient's out-of-pocket portion of the bill.

Charity is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with Bay Area Hospital's procedures for obtaining charity or other forms of payment or financial assistance, and to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance shall be 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 assets.

In order to manage its resources responsibly and to allow Bay Area Hospital to provide the appropriate level of assistance to the greatest number of persons in need, the Board of Directors establishes the following guidelines for the provision of patient charity care.

III. Definitions.

For the purpose of this policy, the terms below are defined as follows:

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Charity Care: Healthcare services that have been or will be provided but are never expected to result in positive cash inflows. Charity care results from a provider's policy to provide healthcare services free or at a discount to individuals who meet the established criteria.

Hospital Bill Reduction (HBR): Bay Area Hospital's charity care allowance under the FAP is also referred to as a Hospital Bill Reduction. HBR is used in place of the term "charity care." The application for applying for charity care is the HBR Application, form 8221-094.

Family: Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage, or adoption. According to Internal Revenue Service rules, if the patient claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of financial assistance. Family includes unmarried parents.

Family Income: Family Income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines:

- 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;
- Noncash benefits (such as food stamps and housing subsidies) do not count;
- Determined on a before-tax basis;
- Excludes capital gains or losses.

Uninsured: The patient has no level of insurance or third-party assistance to assist with meeting his/her payment obligations.

Underinsured: The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.

Gross Charges: The total charges at the organization's full established rates for the provision of patient care services before deductions from revenue are applied, associated with the net payments received during the previous fiscal year.

Emergency medical conditions: Defined within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395dd).

Medically necessary: As defined by Medicare (services or items reasonable and necessary for the diagnosis or treatment of illness or injury).

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Bay Area Hospital includes the following facilities and service areas:

- The main Hospital and Emergency Department,
- Bay Area Cancer Center,
- Women's Imaging Center,
- Outpatient Psychiatric Clinic,
- Joint and Spine Care Center,
- Prefontaine Cardiovascular Center,
- Bay Area Hospital Home Health, and Wound Care/Hyperbaric Medicine Center.

IV. Procedures

- **Services Eligible under this Policy.** The following healthcare services are eligible for HBR discounts:
 1. Emergency medical services provided in an Emergency Department setting;
 2. Services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual;
 3. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting; and
 4. Medically necessary services, evaluated on a case-by-case basis at Bay Area Hospital's discretion.

Eligibility for HBR Discount. Eligibility for HBR discount will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care benefit program, and who are unable to pay for their care, based upon a determination of financial need in accordance with this Policy. The granting of HBR discounts shall be based on an individualized determination of financial need, and shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation. An HBR discount approval covers current accounts for services covered under this policy with a balance due. The HBR discount approval also applies to services covered under this policy for twelve months from the date of approval. Bay Area Hospital reserves the right to request a new HBR application at any time. Eligibility for the HBR discount will be determined by evaluating family income, family size and the current calendar year federal poverty level. Patients in families whose applicable family income is below the federal poverty level for the size of the family, will be considered eligible for the HBR discount.

Current calendar year federal poverty levels are contained in Attachment B.

- **Excluded Services or Facilities.** This policy does not apply to the following services or facilities that may also provide healthcare services as part of the services provided at Bay Area Hospital:

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- Physicians and other healthcare professionals not employed by Bay Area Hospital, including but not limited to Emergency Department physicians and physicians/providers from clinics not owned by the Hospital.
- Referral laboratories, including but not limited to, PeaceHealth Lab, Genoptix, and Pathology Consultants.
- Services that are not medically necessary, or are not part of emergency care, such as cosmetic procedures.
- **Method by Which Patients May Apply for HBR.**
 1. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and may:
 - Include an application process, in which the patient or the patient's guarantor are required to cooperate and supply personal, financial and other information and documentation relevant to making a determination of financial need;
 - Include tax returns of the patient or patient's guarantor;
 - Include the use of external publicly available data sources that provide information on a patient's or a patient's guarantor's ability to pay (such as credit scoring);
 - Include reasonable efforts by Bay Area Hospital to explore appropriate alternative sources of payment and coverage from public and private payment programs, and to assist patients to apply for such programs;
 - Take into account the patient's available assets, and all other financial resources available to the patient.
 2. It is preferred, but not required, that a request for HBR and a determination of financial assistance occur prior to rendering of non-emergent medically necessary services. However, the determination may be done at any point in the payment/collection cycle up to two hundred forty (240) days following the first statement mail date. HBR financial assistance is valid for one year from the approval date; however, at any time additional information relevant to the eligibility of the patient for HBR discount becomes known, a new HBR application may be required.
 3. Patients and account guarantors may obtain additional information on the HBR discount and application process in the Patient Accounts department at Bay Area Hospital.
 4. Bay Area Hospital values of human dignity and stewardship shall be reflected in the application process, financial need determination, and granting of HBR discounts. The HBR application will be processed within twenty-one days from the completed application submission date and the applicant will be notified in writing of the outcome of their HBR review.
- **Presumptive Financial Assistance Eligibility.** There are instances when a patient may appear eligible for HBR discounts, but there is no financial assistance form on file due to a lack of supporting documentation. Often there is adequate information provided by the patient or

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through other sources, which could provide sufficient evidence to qualify the patient for HBR assistance. In the event there is no evidence to support a patient's eligibility for HBR, Bay Area Hospital could use outside agencies in determining estimated income amounts for the basis of determining HBR eligibility and potential discount amounts. Once determined, due to the inherent nature of the presumptive circumstances, the discount can be granted up to 100% off of the account balance. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

1. State-funded prescription programs;
 2. Homeless or received care from a homeless clinic;
 3. Participation in Women, Infants and Children programs (WIC);
 4. Food stamp eligibility;
 5. Subsidized school lunch program eligibility;
 6. Eligibility for other state or local assistance programs that are unfunded (e.g., Medicaid spend-down);
 7. Low income/subsidized housing is provided as a valid address; and
 8. Patient is deceased with no known estate.
- **Payments Expected from Patients.** AGB Payments for services eligible under this Policy will be further adjusted using a sliding fee scale, in accordance with Eligibility Criteria, as determined in reference to Federal Poverty Levels (FPL) in effect at the time of the determination. The sliding scale based on family size and income is as follows:
 1. 100% waiver of AGB Payments for Family income at or below 100% of FPL.
 2. 75% waiver of AGB Payments for Family income between 101% and 125% of FPL.
 3. 50% waiver of AGB Payments for Family income between 126% and 150% of FPL.
 4. 25% waiver of AGB Payments for Family income between 151% and 175% of FPL.
 5. No further waiver of AGB Payments for Family income over 176% of FPL.
 - **Communication of the Financial Assistance Policy to Patients and Within the Community.** Notification about financial assistance available from Bay Area Hospital shall be disseminated by Bay Area Hospital by various means, which may include, but are not limited to:
 - the publication of notices in patient bills;
 - A Plain Language Summary (PLS) with the HBR application;
 - Posting a PLS and full Financial Assistance Policy on the Bay Area Hospital public website;
 - Posting notices in Emergency Department waiting areas,
 - Posting notices at Bay Area Hospital clinics,
 - Posting notices in Bay Area Hospital Admitting and registration departments,
 - Posting notices in Hospital business offices, and
 - Posting notices at various locations throughout the hospital, such as lobbies and patient waiting areas.

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Such notices and summary information shall be provided in the primary languages spoken by the population serviced by Bay Area Hospital. Referral of patients for financial assistance may be made by any member of the Bay Area Hospital staff or medical staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains, and religious sponsors. A request for financial assistance may be made by the patient or a family member, close friend, or associate of the patient, subject to applicable privacy laws.

A free copy of the full Financial Assistance Policy is available to the public at www.bayareahospital.org/Financial-Services or upon request, in person or in writing by contacting the Patient Accounts department at (541) 269-8131.

- **Relationship to Collection Policies.** Bay Area Hospital's Billing and Collection policy, BUSS_0111, includes internal and external collection practices (including actions the hospital may take in the event of non-payment, including extraordinary collection actions (ECAs) and reporting to credit agencies that take into account:
 - the extent to which the patient qualifies for HBR under this Policy,
 - a patient's good faith effort to apply for a governmental program or for financial assistance from Bay Area Hospital, and
 - a patient's good faith effort to comply with his or her payment agreements with Bay Area Hospital.

For patients who qualify for HBR and who are cooperating in good faith to resolve their discounted hospital bills, Bay Area Hospital may offer extended payment plans, will not send unpaid bills to outside collection agencies, and will cease all extraordinary collection activities.

This section will be incorporated in with the Billing and Collection Policy:

Bay Area Hospital will not impose ECAs such as wage garnishments; liens on primary residences, or other legal actions for any patient without first making reasonable efforts to determine whether that patient is eligible for financial assistance under this Policy. Reasonable efforts shall include:

1. Validating that the patient owes the unpaid bills and that all sources of third-party payments have been identified and billed by the hospital;
2. Documentation that Bay Area Hospital has, or has attempted to, offer the patient the opportunity to apply for financial assistance pursuant to this Policy and that the patient has not complied with the hospital's application requirements;
3. Documentation that the patient has been offered a payment plan but has not honored the terms of that plan.

Further, Bay Area Hospital will:

1. Refrain from initiating any ECAs for at least 240 days from the date of the first post-discharge billing statement for the patient's care;
2. Provide a written notice about this Financial Assistance Policy (including a copy of the Plain Language Statement regarding any ECAs Bay Area Hospital or an authorized party intends

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to initiate, and reasonable efforts to notify the patient or patient guarantor orally about this Financial Assistance Policy) at least 30 days prior to initiating any ECAs;

3. Accept Financial Assistance Applications for at least 240 days from the date of the first post-discharge billing statement.

H. Regulatory Requirements. In implementing this Policy, Bay Area Hospital management and facilities shall comply with all other federal, state, and local laws, rules, and regulations that may apply to activities conducted pursuant to this Policy.

I. Patients not eligible for HBR under this Financial Assistance Policy. Bay Area Hospital will also offer a discount of 25% from Gross Charges to patients not eligible for HBR under this FAP, e.g., patients with Family Income in excess of 200% of FP, based on family size. This discount is offered only patients who are uninsured, and who do not qualify for any government program that covers the cost of healthcare services.

J. Other discounts. Please see BAH Billing and Collections policy, BUSS_0111, for additional information.

ATTACHMENTS:

- A. AGB Percentage Applicable to HBR Discounts.
- B. Current Year Federal Poverty Income Guidelines

RELATED POLICIES:

- A. **BUSS 0111**

REVIEW:

REVIEWED DATES: 03/01/2018

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Attachment A

Percentage of Amounts Generally Billed

<u>Fiscal Year</u>	<u>Percentage of Amounts Generally Billed</u>	<u>Effective Date</u>
2018	36.77 (AGB Discount = 63%)	0/01/2018

Attachment B

Federal Poverty Level Guidelines

Size of Household	100% Waiver 200% of FPL	AGB & 75% Waiver 201 - 225% FPL	AGB & 50% Waiver 226 - 250% FPL	AGB & 25% Waiver 251 - 275% FPL	AGB Only 63% 276 - 300% FPL
1	\$24,280	\$27,315	\$30,350	\$33,385	\$36,420
2	\$32,920	\$37,035	\$41,150	\$45,265	\$49,380
3	\$41,560	\$46,755	\$51,950	\$57,145	\$62,340
4	\$50,200	\$56,475	\$62,750	\$69,025	\$75,300
5	\$58,840	\$66,195	\$73,550	\$80,905	\$88,260
6	\$67,480	\$75,915	\$84,350	\$92,785	\$101,220
7	\$76,120	\$85,635	\$95,150	\$104,665	\$114,180
8	\$84,760	\$95,355	\$105,950	\$116,545	\$127,140
9	\$93,400	\$105,075	\$116,750	\$128,425	\$140,100

Federal Register January 2018

Add \$4320.00 Per Additional Family Member