



DUNES SURGICAL HOSPITAL

Financial Assistance Discounts	
Developed by: Dunes Surgical Hospital	Date: July 1, 2016
Approved by:  Greg Miner Chief Executive Officer	Date: 6-28-16
Scope: Facility-wide	
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Financial Assistance Discounts

I. PURPOSE:

Dunes Surgical Hospital (DSH) is committed to:

- Providing access to quality health care services with compassion, dignity and respect for those we serve
- Caring for all persons, regardless of their ability to pay for services; and
- Assisting patients who cannot pay for part or all of the care that they receive.

This Policy and Procedure provides guidance on balancing financial assistance with broader fiscal responsibilities and provides DSH with the requirements for financial assistance for physician, acute care and post-acute care services.

II. DEFINITIONS:

Application Period begins the day that care is provide and ends the later of 240 days after the first post-discharge billing statement is provided to the patient or either --

- the end of the 30 day period that patients who qualified for less than the most generous assistance available based upon presumptive support status or prior FAP eligibility are provided to apply for more generous assistance.
- the deadline provided in a written notice after which ECAs may be initiated.

Amounts Generally Billed ("AGB") means the amounts generally billed for emergency or other medically necessary care to patients who have insurance covering such care. DSH's acute and physician AGB will be calculated utilizing the Medicare reimbursement schedules in effect for the specific patient's medical care date of service.

Discounted care means a partial discount off the amount owed for patients that qualify under the FAP.

Emergent medical services are those needed for a condition that may be life threatening or the result of a serious injury and requiring immediate medical attention. This medical condition is generally governed by Emergency Medical Treatment and Active Labor Act (EMTALA).

Extraordinary Collection Actions ("ECA") include the following actions taken by DSH (or a collection agent on their behalf):

- Deferring or denying, or requiring a payment before providing, medically necessary care because of a patient's nonpayment of one or more bills for previously provided care covered under the hospital facility's FAP. When DSH requires payment before providing care to an individual with one or more outstanding bills, such a payment requirement will be presumed to be because of the individual's nonpayment of the outstanding bill(s) unless DSH can demonstrate that it required the payment from the individual based on factors other than, and without regard to, his or her nonpayment of past bills.
- Reporting outstanding debts to Credit Bureaus.
- Pursuing legal action to collect a judgment (i.e. garnishment of wages, debtor's exam).
- Placing liens on property of individuals.

Family (as defined by the U.S. Census Bureau) is a group of two or more people who reside together and who are related by birth, marriage, or adoption. If a patient claims someone as a dependent on their income tax return, according to the Internal Revenue Service rules, they may be considered a dependent for the purpose of determining eligibility under this FAP.

Family Income - A person's Family Income includes the Income of all adult Family members in the household. For patients under 18 years of age, Family Income includes that of the parents and/or step-parents, or caretaker relatives' annual Income from the prior 12 month period or the prior tax year as shown by recent pay stubs or income tax returns and other information. Proof of earnings may be determined by annualizing the year-to-date Family Income, taking into consideration the current earnings rate.

Financial assistance policy (FAP) means a written policy and procedure that meets the requirements described in §1.501(r)-4(b).

Financial Assistance Policy ("FAP") application means the information and accompanying documentation that a patient submits to apply for financial assistance under DSH FAP. DSH may obtain information from an individual in writing or orally (or a combination of both).

Financial Support means support (charity, discounts, etc.) provided to patients for whom it would be a hardship to pay for the full cost of medically necessary services provided by DSH who meet the eligibility criteria for such assistance.

Free Care means a full discount off the amount owed for patients that qualify under the FAP.

Income includes wages, salaries, salary and self-employment income, unemployment compensation, worker's compensation, payments from Social Security, public assistance, veteran's benefits, alimony, survivor's benefits, pensions, retirement income, regular insurance and annuity payments, income from estates and trusts, rents received, interest/dividends, and income from other miscellaneous sources.

Medical Necessity is defined as documented in DSH's state Medicaid Provider Manual.

Policy means a statement of high-level direction on matters of strategic importance to DSH.

Plain language summary of the FAP means a written statement that notifies a patient that the hospital facility offers financial assistance under a FAP and provides the following additional information in language that is clear, concise, and easy to understand:

- i. A brief description of the eligibility requirements and assistance offered under the FAP.
- ii. A brief summary of how to apply for assistance under the FAP.
- iii. The direct Web site address (or URL) and physical locations where the patient can obtain copies of the FAP and FAP application form.
- iv. Instructions on how the patient can obtain a free copy of the FAP and FAP application form by mail
- v. The contact information, including telephone number and physical location, of the hospital facility office or department that can provide information about the FAP and provide assistance with the FAP application process

- vi. A statement that a FAP-eligible patient may not be charged more than AGB for emergency or other medically necessary care

Procedure means a document designed to implement a Policy or a description of specific required actions or processes.

Standards or Guidelines mean additional instructions and guidance which assist in implementing Procedures, including those developed by accreditation or professional organizations.

Uninsured Patient means an individual who is uninsured, having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program (including without limitation Medicare, Medicaid, SCHIP, and CHAMPUS), Worker's Compensation, or other third party assistance to cover all or part of the cost of care, including claims against third parties covered by insurance to which DSH is subrogated, but only if payment is actually made by such insurance company.

Urgent (service level) are medical services needed for a condition that is not life threatening, but requiring timely medical services.

III. POLICY:

DSH will maintain fair and equitable billing practices that treat all patients with dignity, respect and compassion. DSH will serve the emergency healthcare needs of everyone seeking treatment, regardless of ability to pay. Additionally, DSH will provide financial assistance for medically necessary services received by patients.

IV. PROCEDURE:

DSH will establish and maintain the Financial Assistance to Patients ("FAP") procedure outlined below. The FAP is designed to address patients' needs for financial assistance and support as they seek services through DSH. It applies to all eligible services as provided under applicable state or federal law. Eligibility for financial assistance and support from DSH will be determined on an individual basis using specific criteria and evaluated on an assessment of the patient and/or Family's health care needs, financial resources and obligations.

I. Qualifying Criteria for Financial Assistance

Services eligible for Financial Support:

All medically necessary services, including medical and support services provided by DSH, will be eligible for Financial Support.

Emergency medical care services will be provided to all patients, regardless of the patient's ability to pay. Such medical care will continue until the patient's condition has been stabilized — prior to any determination of payment arrangements.

Services not eligible for Financial Support:

Cosmetic services and other elective procedures and services which are not medically necessary.

Services not provided and billed by DSH (e.g. independent physician services, private duty nursing, ambulance transport, etc.).

DSH may deny Financial Support to those individuals who do not cooperate in applying for programs that may pay for their health care services.

DSH may exclude services that are covered by an insurance program at another provider location but are not covered at DSH after efforts are made to educate the patients on insurance program coverage limitations and provided that federal Emergency Medical Treatment and Active Labor Act (EMTALA) obligations are satisfied.

Documentation for Establishing Income

Information provided by the patient and/or Family should include earned income, including monthly gross wages, salary and self-employment income; unearned income including alimony, retirement benefits, dividends, interest and Income from any other source; number of dependents in household; and other information requested on the FAP application.

DSH will list the supporting documentation such as payroll stubs, tax returns, and credit history required to apply for financial assistance in the FAP or FAP application. DSH may not deny Financial Support based on the omission of information or documentation that is not specifically required by the FAP or FAP application form.

DSH will provide patients that submit an incomplete FAP application a written notice that describes the additional information and/or documentation that must be submitted within 30 days from the date of the written notice to complete the FAP application. The notice will provide contact information for questions regarding the missing information. DSH may initiate ECAs if the patient does not submit the missing information and/or documentation within the 30 day resubmission period and it is at least 120 days from the date DSH provided the first post-discharge billing statement for the care. DSH must process the FAP application if the patient provides the missing information/or documentation during the 240-day application period (or, if later, within the 30-day resubmission period).

Consideration of Patient Assets

DSH will also establish a threshold level of assets above which the patient/family's assets will be used for payment of medical expenses and liabilities to be considered in assessing the patient's financial resources.

Protection of certain types of assets and protection of certain levels of assets must be provided in the FAP.

Protected Assets:

- i. Equity in primary residence up to an \$50,000;
- ii. Business use vehicles;
- iii. Tools or equipment used for business; reasonable equipment required to remain in business;
- iv. Personal use property (clothing, household items, furniture);
- v. IRAs, 401K, cash value retirement plans;
- vi. Financial awards received from non-medical catastrophic emergencies;
- vii. Irrevocable trusts for burial purposes, prepaid funeral plans; and/or
- viii. Federal/State administered college savings plans.

All other assets will be considered available for payment of medical expenses. Available assets above a certain threshold can either be used to pay for medical expenses or, alternatively, DSH may count the excess available assets as current year Income in establishing the level of discount to be offered to the patient. A minimum amount of available assets should be protected. The minimum amount is set at \$5,000.

Presumptive Support

DSH recognizes that not all patients are able to provide complete financial information. Therefore, approval for Financial Support may be determined based on limited available information. When such approval is granted it is classified as "Presumptive Support".

The predictive model is one of the reasonable efforts that will be used by DSH (or other authorized party) to identify patients who may qualify for financial assistance prior to initiating collection actions, i.e. write-off of a

patient account to bad debt and referral to collection agency. This predictive model enables DSH (or other authorized party) to systematically identify financially needy patients.

Examples of presumptive cases include:

- i. Deceased patients with no known estate
- ii. Homeless patients
- iii. Unemployed patients
- iv. Non-covered medically necessary services provided to patients qualifying for public assistance programs
- v. Patient bankruptcies
- vi. Members of religious organizations who have taken a vow of poverty and have no resources individually or through the religious order

For patients who are non-responsive to the FAP application process, other sources of information, if available, should be used to make an individual assessment of financial need. This information will enable DSH to make an informed decision on the financial need of non-responsive patients.

For the purpose of helping financially needy patients, a third-party may be utilized to conduct a review of patient information to assess financial need. This review utilizes a health care industry-recognized, predictive model that is based on public record databases. These public records enable DSH to assess whether the patient is characteristic of other patients who have historically qualified for financial assistance under the traditional application process. In cases where there is an absence of information provided directly by the patient, and after efforts to confirm coverage availability are exhausted, the predictive model provides a systematic method to grant presumptive eligibility to financially needy patients.

In the event a patient does not qualify under the predictive model, the patient may still provide supporting information within established timelines and be considered under the traditional financial assistance application process.

DSH will notify patients determined to be eligible for less than the most generous assistance available under the FAP that he or she may apply for more generous assistance available under the FAP within 30 days of the notice. The determination of a patient being eligible for less than the most generous assistance is based on presumptive support status or a prior FAP eligibility determination. Additionally, DSH may initiate or resume ECAs if the patient does not apply for more generous assistance within 30 days of notification if it is at least 120 days from the date DSH provided the first post-discharge billing statement for the care. DSH will process any new FAP application that the patient submits by the end of the 240 day application period or, if later, by the end of the 30-day period given to apply for more generous assistance.

Timeline for Establishing Financial Eligibility

FAP Applications must be accepted any time during the application period. The application period begins the day that care is provided and ends the later of 240 days after the first post-discharge billing statement to the patient or either:

- i. the end of the period of time that a patient that is eligible for less than the most generous assistance available, based upon presumptive support status or a prior FAP eligibility determination, and who has applied for more generous financial assistance; or
- ii. the deadline provided in a written notice after which ECAs may be initiated.

DSH may accept and process an individual's FAP application submitted outside of the application period on a case-by-case basis as authorized by DSH's established approval levels.

DSH (or other authorized party) will refund any amount the patient has paid for care that exceeds the amount he or she is determined to be personally responsible for paying as a FAP-eligible patient, unless such excess amount is less than \$5 (or such other amount set by notice or other guidance published in the Internal Revenue Bulletin). The refunds of payments is only required for the episodes of care to which the FAP application applies.

DSH will make every effort to make a Financial Support determination in a timely fashion. If other avenues of Financial Support are being pursued, DSH will communicate with the patient regarding the process and expected timeline for determination and shall not attempt collection efforts while such determination is being made.

Once qualification for Financial Support has been determined, subsequent reviews for continued eligibility for subsequent services should be made after six (6) months from the initial qualification for Financial Support.

Level of Financial Support

DSH will follow the Income guidelines established below in evaluating a patient's eligibility for Financial Support. A percentage of the Federal Poverty Level (FPL) Guidelines, which are updated on an annual basis, are used for determining a patient's eligibility for Financial Support. However, other factors should also be considered such as the patient's financial status and/or ability to pay as determined through the assessment process.

Family Income at or below 200% of the Federal Poverty Level Guidelines:

- A 100% discount for all charges will be provided for Uninsured Patients whose Family's Income is at or below 200% of the most recent Federal Poverty Level Guidelines.

Family Income between 201% and 400% of the Federal Poverty Level Guidelines:

- A discount off of total charges equal to DSH's contractual adjustment for Medicare will be provided for acute care patients whose Family Income is between 201% and 400% of the Federal Poverty Level Guidelines.
- A discount off of total charges equal to DSH's physician contractual adjustment for Medicare will be provided for ambulatory location patients whose Family Income is between 201% and 400% of Federal Poverty Level Guidelines.

DSH's acute and physician contractual adjustment amounts for Medicare will be calculated utilizing the Medicare reimbursement schedules in effect for the specific patient's medical care date of service.

Patients with Family Income up to and including 200% of the Federal Poverty Level Guidelines will be eligible for Financial Support for co-pay, deductible, and co-insurance amounts provided that contractual arrangements with the patient's insurer do not prohibit providing such assistance.

Medically Indigent Support / Catastrophic: Financial support is also provided for medically indigent patients. Medical indigence occurs when a person is unable to pay some or all of their medical bills because their medical expenses exceed a certain percentage of their Family or household Income (for example, due to catastrophic costs or conditions), regardless of whether they have Income or assets that otherwise exceed the financial eligibility requirements for Free Care or Discounted Care under the DSH FAP. Catastrophic costs or conditions occur when there is a loss of employment, death of primary wage earner, excessive medical expenses or other unfortunate events. Medical indigence/catastrophic circumstances will be evaluated on a case-by-case basis that includes a review of the patient's Income, expenses and assets. If an insured patient claims catastrophic circumstances and applies for financial assistance, medical expenses for an episode of care that exceed 20% of Income will qualify the insured patient's co-pays and deductibles for catastrophic charity care assistance. Discounts for medically indigent care for the uninsured will not be less than DSH's average contractual adjustment amount for Medicare for the services provided or an amount to bring the patients catastrophic medical expense to Income ratio back to 20%. Medically indigent and catastrophic financial assistance will be approved by the DSH CFO.

While Financial Support should be made in accordance with DSH's established written criteria, it is recognized that occasionally there will be a need for granting additional Financial Support to patients based upon individual considerations. Such individual considerations will be approved by the DSH CFO.

Effective Communications

DSH will respond promptly and courteously to patients' questions about their bills and requests for financial assistance.

DSH will utilize a billing process that is clear, concise, correct and patient friendly.

DSH will make available information about charges for services they provide in an understandable format.

DSH will post signs and display brochures that provide basic information about their FAP in public locations (at a minimum in the admission areas).

DSH will make available a paper copy of the plain language summary of the FAP to patients as part of the intake or discharge process. DSH will not have failed to widely publicize its FAP because an individual declines a plain language summary that was offered on intake or before discharge or indicates that he or she would prefer to receive a plain language summary electronically.

DSH will make the FAP, a plain language summary of the FAP and the FAP application form available to patients upon request, in public places (at a minimum in the admission areas), by mail and on its website. Any individual with access to the Internet must be able to view, download and print a hard copy of these documents. DSH must provide any individual who asks how to access a copy of the FAP, FAP application form, or plain language summary of the FAP online with the direct website address, or URL, where these documents are posted.

Within its plan language summary, DSH will specify the medical services that are covered under the FAP.

DSH will include a conspicuous written notice on billing statements that notifies and informs recipients about the availability of financial assistance under the FAP and includes the telephone number of the department that can provide information about the FAP, the FAP application process and the direct Web site address (or URL) where copies of the FAP, FAP application form, and plain language summary of the FAP may be obtained.

DSH will refrain from initiating ECA(s) until 120 days after providing patients the first post-discharge billing statement for the episode of care, including the most recent episodes of care for outstanding bills that are aggregated for billing to the patient. DSH will also ensure all vendor contracts for business associates performing collection activity will contain a clause or clauses prohibiting ECA(s) until 120 days after providing patients the first post-discharge billing statement for the episode of care, including the most recent episodes of care for outstanding bills that are aggregated for billing to the patient.

DSH (or other authorized party) will provide patients with a written notice that indicates financial assistance is available for eligible patients, identifies the ECA(s) that DSH (or other authorized party) intends to initiate to obtain payment for the care, and states a deadline after which such ECA(s) may be initiated that is no earlier than 30 days after the date that the written notice is provided. DSH will include a plain language summary of the FAP with the written notice and make a reasonable effort to orally notify the patient about the FAP and about how the patient may obtain assistance with the FAP application process.

In the case of deferring or denying, or requiring a payment for providing, medically necessary care because of an individual's nonpayment of one or more bills for previously provided care covered under the FAP, DSH may notify the individual about its FAP less than 30 days before initiating the ECA. However, to avail itself of this exception, DSH must satisfy several conditions. DSH must:

- i. Provide the patient with an FAP application form (to ensure the patient may apply immediately, if necessary) and notify the patient in writing about the availability of financial assistance for eligible individuals and the deadline, if any, after which the hospital facility will no longer accept and process an FAP application submitted by the patient for the previously provided care at issue. This deadline must be no earlier than the later of 30 days after the date that the written notice is provided or 240 days after the date that the first post-discharge billing statement for the previously provided care

was provided. Thus, although the ECA involving deferral or denial of care may occur immediately after the requisite written (and oral) notice is provided, the patient must be afforded at least 30 days after the notice to submit an FAP application for the previously provided care.

- ii. Notify the patient about the FAP by providing a plain-language summary of the FAP and by orally notifying the patient about the hospital facility's FAP and about how the patient may obtain assistance with the FAP application process.
- iii. Process the application on an expedited basis, to ensure that medically necessary care is not unnecessarily delayed if an application is submitted.

The modified reasonable efforts discussed above are not needed in the following cases:

- i. If 120 days have passed since the first post-discharge bill for the previously provided care and DSH has already notified the patient about intended ECAs.
- ii. If DSH had already determined whether the patient was FAP-eligible for the previously provided care at issue based on a complete FAP application or had presumptively determined the patient was FAP-eligible for the previously provided care.

DSH will provide written notification that nothing is owed if a patient is determined to be eligible for Free Care.

DSH will provide patients that are determined to be eligible for assistance other than Free Care, with a billing statement that indicates the amount the patient owes for care as a FAP-eligible patient. The statement will also describe how that amount was determined or how the patient can get information regarding how the amount was determined.

Fair Billing and Collection Practices

DSH will implement billing and collection practices for patient payment obligations that are fair, consistent and compliant with state and federal regulations.

DSH will make available to all patients who qualify a short term interest free payment plan with defined payment time frames based on the outstanding account balance.

DSH will have written procedures outlining when and under whose authority a patient debt is advanced for external collection activities that are consistent with this Procedure.

The following collection activities may be pursued by DSH or by a collection agent on their behalf:

Communicate with patients (call, written correspondence, fax, text, email, etc.) and their representatives in compliance with the Fair Debt Collections Act, clearly identifying DSH. The patient communications will also comply with HIPAA privacy regulations.

Report outstanding debts to Credit Bureaus only after all aspects of this Procedure have been applied and after reasonable collection efforts have been made in conformance with DSH's FAP.

Pursue legal action for individuals who have the means to pay, but do not pay, or who are unwilling to pay. Legal action also may be pursued for the portion of the unpaid amount after application of DSH's FAP. An approval by the DSH CFO, or the functional leader of the Billing Office, must be obtained prior to commencing a legal proceeding or proceeding with a legal action to collect a judgment (i.e. garnishment of wages, debtor's exam).

Place liens on property of individuals who have the means to pay, but do not pay, or who are unwilling to pay. Liens may be placed for the portion of the unpaid amount after application of DSH's FAP. Placement of a lien requires approval by the DSH CFO, or the functional leader of the Billing Office. Liens on primary residence can only be exercised upon the sale of property and will protect certain asset value in the property as documented in DSH's Procedure.

DSH (or a collection agent on their behalf) shall not pursue action against the debtor's person, such as arrest warrants or "body attachments." DSH recognizes that a court of law may impose an arrest warrant or other similar action against a defendant for failure to comply with a court's order or for other violations of law related to a collection effort. While in extreme cases of willful avoidance and failure to pay a justly due amount when adequate resources are available to do so, a court order may be issued; in general, DSH will first use its efforts to convince the public authorities not to take such an action and, if not successful, consider the appropriateness of ceasing the collection effort to avoid an action against the person of the debtor.

DSH (or a collection agent on their behalf) will take all reasonably available measures to reverse ECAs related to amounts no longer owed by FAP-eligible patients.

DSH may have an arrangement with a collection agency, provided that such agreement meets the following criteria:

The agreement with a collection agency must be in writing;

Neither DSH nor the collection agency may at any time pursue action against the debtor's person, such as arrest warrants or "body attachments;"

The agreement must define the standards and scope of practices to be used by outside collection agents acting on behalf of DSH, all of which must be in compliance with this Procedure;

No legal action may be undertaken by the collection agency without the prior written permission of DSH;

All decisions as to the manner in which the claim is to be handled by the attorney, whether suit is to be brought, whether the claim is to be compromised or settled, whether the claim is to be returned to DSH, and any other matters related to resolution of the claim by the attorney shall be made by DSH;

Any request for legal action to collect a judgment (i.e., lien, garnishment, debtor's exam) must be approved in writing and in advance with respect to each account by the appropriate authorized DSH representative as detailed in section (IV)(d)(v);

DSH must reserve the right to discontinue collection actions at any time with respect to any specific account; and

The collection agency must agree to indemnify DSH for any violation of the terms of its written agreement with DSH.

Implementation of Accurate and Consistent Policies

Representatives of DSH Billing Office will educate staff members who work closely with patients (including those working in patient registration and admitting, financial assistance, customer service, billing and collections,) about billing, financial assistance, collection policies and practices, and treatment of all patients with dignity and respect regardless of their insurance status or their ability to pay for services.

DSH will honor Financial Support commitments that were approved under previous financial assistance guidelines.

V. REFERENCES:

- Patient Protection and Affordable Care Act statutory section 501(r)
- Internal Revenue Service Schedule H (Form 990)
- Department of Treasury, Internal Revenue Service, Additional Requirements for Charitable Hospitals; Proposed Rule: Volume 77, No. 123, Part II, 26 CFR, Part 1

RELATED PROCEDURES AND OTHER MATERIALS

- Patient Protection and Affordable Care Act: Statutory Section 501(r)
- Internal Revenue Service Schedule H (Form 990)
- Department of Treasury, Internal Revenue Service, Additional Requirements for Charitable Hospitals; Final Rule: Volume 79, No. 250, Part II, 26 CFR, Part 1
- Dunes Surgical Hospital's EMTALA Policies