

WILLIAM NEWTON HOSPITAL

Financial Assistance Policy

Department: Administration

Policy #17

Subject: Provision for Financial Assistance

POLICY

William Newton Hospital has a long tradition of serving those who are economically disadvantaged and all who require health care services. However, the hospital alone cannot meet every community need. It can practice effective stewardship of resources to continue providing adequate health care services.

In order to promote the health and well-being of the community served, individuals with limited financial resources who are unable to access entitlement programs shall be eligible for free or discounted health care services based on established criteria. Eligibility criteria will be based upon 120 to 200% Federal Poverty guidelines www.aspe.hhs.gov/poverty and will be revised annually in conjunction with the published updates by the United States Department of Health and Human Services. All current self-pay accounts for non-elective inpatient and outpatient services may be considered for financial assistance. If the determination is made that the patient has the ability to pay all or a portion of the bill, such a determination does not prevent a reassessment of the person's ability to pay at a later date. The need for financial assistance is to be re-evaluated at the following times:

- Subsequent rendering of services,
- Income change,
- Family size change,
- When the last financial evaluation was completed more than 240 days prior or at Administration discretion.

To be considered for financial assistance, the patient's must cooperate with outside agencies to provide the information and documentation necessary to apply for other existing financial resources that may be available to pay for the patient health care. Patients are responsible for completing the required application forms and for cooperating fully with the information gathering and assessment process, in order to determine eligibility for financial assistance. Administration reserves the right to accept other documentation in lieu of those specifically listed on the application.

Appropriate signage will be visible in the facility, specifically at the patient intake areas, to increase awareness of the Financial Assistance Program. A Financial Assistance Packet will be available which includes the Financial Assistance Application, Financial Assistance Summary and Payment Policy. This information is also listed on the hospital website www.wnhcares.org and applications will be mailed upon request.

Emergency Medical Care Policy

William Newton Hospital provides care to anyone needing emergency healthcare treatment regardless of citizenship, legal status or ability to pay. When appropriate a transfer to another facility better equipped to administer the treatment will be arranged even if the patient cannot pay or does not have medical insurance. The necessity for medical treatment of any patient will be based on the clinical judgment of the provider without regard to the financial status of the patient. All patients will be treated with respect and fairness regardless of their ability to pay.

PURPOSE

To identify circumstances that the hospital may provide care without charge or at a discount commensurate with the ability to pay, for a patient whose financial status makes it impractical or impossible to pay for medically necessary services. The policy applies only to hospital charges for non-elective inpatient and outpatient services and not physician or other independent company billings. The provision for financial assistance is essential to the execution of our mission.

I. Definitions

- A. **Amount Generally Billed (AGB):** Method used to determine the amount billed to those who qualify for partial financial assistance.
- B. **Assets:** Assets include immediately available cash and investments such as savings and checking as well as other investments, including retirement or IRA funds, life insurance values, trust accounts, etc. Assets also include the equity in the primary residence as well as other real estate the patient may have.
- C. **Bad Debt Expense:** Uncollected accounts receivable that were expected to result in cash inflows (i.e. they do not meet the facility's financial assistance eligibility criteria). It is defined as the provision for actual or expected uncollectible accounts resulting from the extension of credit.
- D. **Current Account:** A service provided within 240 days of the first statement and subsequent approval of the Financial Assistance Application.
- E. **Disposable Income:** Annual family/household income divided by 12 months, less monthly expenses as requested on the application.
- F. **Extraordinary Collection Activity (ECA):** Taking legal action against debtor.
- G. **Family/Household:** The patient, his/her spouse (including a legal common law spouse) and his/her legal dependents according to the Internal Revenue Service rules. Therefore, 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.
- H. **Family Income:** Gross wages, salaries, dividends, interest, Social Security benefits, workers compensation, veteran's benefits, training stipends, military allotments, regular support from family members not living in the household, government pensions, private pensions, insurance and annuity payments, income from rents, royalties, estates and trusts are examples of income.
- I. **Financial Assistance:** Health care services that were not expected to result in cash inflows. Financial assistance results from a provider's policy to administer health care services free or at a discount to individuals who meet the established criteria.
- J. **Financially Indigent:** A person who is uninsured or underinsured and is accepted for care with no obligation or a discounted obligation to pay for the services rendered based on the hospital's eligibility criteria set forth in this policy. These patients are also defined as economically disadvantaged and have income at or below federal poverty levels.
- K. **Medically Indigent:** A person, who incurs catastrophic medical expenses, after payment by third party payers, 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.

- L. **Look-Back Method:** Divides reimbursement from Medicare and all private health insurers combined by gross charges, to create an inpatient reduction of 44% and an outpatient reduction of 55%.

II: Financial Assistance Guidelines

- A. To be eligible for a 100% reduction from the patient portion of billed charges, a family/household income must be at or below 120% of the current Federal Poverty Guidelines. Step 1: Approval of the Financial Assistance Application. The balance will reflect a reduction calculated by the "Look-Back" method; dividing reimbursement from Medicare and all private health insurers combined by gross charges, to create an inpatient reduction of 44% and an outpatient reduction of 55%. Step 2: Approved Financial Assistance percentage applied.
- B. To be eligible for 1 to 99% reduction of the patient portion of billed charges, a financially indigent family income must be between 120 and 200% of the Federal Poverty Guidelines. Step 1: Approval of the Financial Assistance Application. The balance will reflect a reduction calculated by the "Look-Back" method; dividing reimbursement from Medicare and all private health insurers combined by gross charges, to create an inpatient reduction of 44% and an outpatient reduction of 55%. Step 2: Approved Financial Assistance percentage applied. Remaining balance is subject to payment policy guidelines.
- C. Medically indigent patient accounts will be considered on a case by case basis.
- D. Individuals who are deemed eligible by the State of Kansas to receive assistance from the Crime Victims Compensation Fund shall be deemed eligible for financial assistance at a level to be determined on a case by case basis.
- E. Applications will be considered for 240 days after the first statement date of the account you are applying for. It is the patient's responsibility to let the Credit/Collection Manager know they have incurred a new account and would like that account to be considered. Administration reserves the right to request an updated Financial Assistance Application form at any time. Services rendered prior to the Financial Assistance approval period are the responsibility of the patient subject to payment policy guidelines, including prior accounts residing with collection agencies or law firms. However, Administration reserves the right to include additional and/or all accounts listed under the patient/guarantor name. The patient must reapply in the event of future services incurred if it is after the 240 day application period.
- F. After the Financial Assistance adjustment has been made, the remaining balance(s) will be treated in accordance with the patient payment policy regarding self-pay balances.
- Private Pay accounts can be eligible for (1) Amount Generally Billed adjustment and (2) Financial Assistance adjustment.
 - Insurance accounts can be eligible for (1) Insurance Contractual adjustment. (2) Financial Assistance adjustment on balance after insurance.
- G. The hospital reserves the right to grant financial relief in extraordinary circumstances to persons who do not meet the guidelines stated above. Also, the hospital recognizes that there is a small percentage of patients who have very substantial assets and could easily afford to pay for services rendered, but who, because of having tax exempt income or otherwise, will not have income reflected on a tax return or otherwise. To address these limited and extraordinary situations the hospital reserves the right to exempt these individuals from this policy.
- H. Unmarried deceased individuals with no estate with outstanding balances will be considered 100% eligible for Financial Assistance, including accounts residing with collection agencies or law firms.

PROCEDURE

I. Identification of Potentially Eligible Patients.

- A. The patient is made aware of the Financial Assistance Policy and applications by signage in the registration area, patient intake area, and ancillary departments. Financial Assistance packets are made available upon admission and/or discharge, hospital website www.wnhcares.org and by mail upon request.
- B. Reasonable efforts will be made to identify potentially eligible patients anytime during the rendering of services or during the collection process.
- C. Financial Assistance Applications will continue to be considered for 240 days after receipt of first statement on the current account being considered for financial assistance.
- D. Those patients who may qualify for financial assistance from a governmental program or patient financial assistance agency should be referred to the appropriate program, prior to consideration. Failure to cooperate with these agencies may result in denial of financial assistance.

II. Determination of Eligibility

- A. All patients identified as potential recipients of financial assistance will be offered the opportunity to apply. The patient should receive and complete a written application and provide all supporting data required to verify eligibility.
- B. Upon completion of the application and submission of appropriate documentation, the Credit/Collections Manager will review and determinations will be made in accordance with the guidelines documented on the Financial Assistance Application.
- C. In the evaluation of an application for financial assistance, a patient's total resources will be taken into account which will include, but not limited to, analysis of assets (identified as those convertible to cash and unnecessary for the patient's daily living expense), family income and medical expenses.
- D. William Newton Hospital will not look to force liquidation of a personal residence, but may obtain a judgment lien to protect its interest in the event of a future sale.
- E. Accounts where patients are identified as medically indigent or have special circumstances that affect the patient's eligibility for financial assistance will be reviewed and a determination will be documented and maintained in the account file.
- F. The Board of Trustees will be presented with the total dollar amount given for financial assistance each month.

III. Notification of Eligibility Determination

- A. Clear guidelines as to the length of time required to review the application and provide a decision to the patient should be provided at the time of application. The application states the patient will receive written notification of approval or denial generally within 30-90 days from the date the application is submitted. The application also states it must be returned within 10 days of receipt and that it's valid for 30 days from date the application was signed. This allows for us to process favorably and as quickly as possible with accurate and current information.

- B. If the private pay account(s) on which the financial assistance is based has been placed with a collection agency or law firm and is within the 240 day period, the collection agency or law firm will be notified by telephone and extraordinary collection activities will be suspended during the consideration of a completed Financial Assistance Application. If a determination allows for a percentage reduction but leaves the patient with a self pay balance, payment terms will be established on the basis of the payment policy. The hospital will refund any patient payments made on the applicable account(s) that have occurred during the 240 day approval process.
- C. If an account is placed with a collection agency or law firm, extraordinary collection activities could include accurately reporting adverse information about the individual to consumer reporting agencies or credit bureaus and/or a civil action being filed against the individual, which could then conceivably lead to judgment and post-judgment remedies such as garnishment of wages, garnishment of bank accounts or other personal property, a judgment lien on property and subsequent foreclosure on the property, and if a court found that its orders weren't complied with, a bench warrant and arrest.

IV. Monitoring and Reporting

- A. A financial spreadsheet from which periodic reports can be developed shall be maintained aside from any other required financial statements.
- B. The impact of the cost of financial assistance will be analyzed no less than annually and adjustments to eligibility criteria may be made when appropriate.

V. Insured Patients Follow same policy with exception:

- A. No insured patient accounts will be refunded.
- B. No AGB discounts will be applied on insured patients.
- C. Legal action will take place as soon as the agency/lawyer receives the account.
- D. Discounts are given based on the federal poverty guidelines.
- E. Provisions to this policy may be changed upon approval of administration.