



POLICY NAME: Patient Financial Assistance Policy
EFFECTIVE DATE: 02/2009
REVIEW DATE:
REVISION DATE:
APPROVED BY: Director, Patient Financial Services

POLICY:

It is the policy of Chatham Hospital to utilize the following procedures when considering patients for financial assistance.

Description:

Policy and procedures for providing financial assistance to patients for services at Chatham Hospital.

Rationale:

As part of its mission, Chatham Hospital provides care for patients who are uninsured or underinsured and do not have the ability to pay for medically necessary healthcare services. The purpose of this policy is to use financial assistance resources available to Chatham Hospital to maximize the availability of health care services in a consistent, equitable and effective manner. As part of the annual budget process, Senior Management will estimate the level of patient financial assistance expected for the fiscal year. This policy does not affect or limit Chatham Hospital's dedication and obligation under EMTALA to treat patients with emergency medical conditions.

Policy:

Chatham hospital shall have an organized patient financial assistance program designed to help provide necessary health care for local residents to the extent that resources are available. For this purpose, a Financial Assistance Oversight Committee will oversee all aspects of the patient financial assistance program. The policy in effect at the time of the approval/denial will be used to determine eligibility for financial assistance.

Patient Financial Assistance consists of the following components:

- I. Discounts for Uninsured Services
- II. Payment Plans
- III. Charity Care

Discounts for Uninsured Services

Persons who have no health insurance coverage or who obtain services not covered by their health insurance will be eligible for a 30% discount of their Chatham Hospital, except for Category 3 services in the Financial Assistance Exceptions Table (Appendix A). This discount will be given regardless of income or North Carolina residency.

POLICY PRIMARY: Director of Quality, Compliance & Risk Mgmt.
DEVELOPED BY: Patient Financial Services Director

SCHEDULED REVIEW: 02/2010

Payment Plans

If a patient does not qualify for Chatham Hospital's Charity Care program (see section III below), the patient will be expected to make payment in full or make reasonable payment arrangements for charges already incurred, less any approved uninsured discounts, and the usual collection procedures will apply.

1. Payment arrangements will require monthly payments for Chatham Hospital patient balances and will be evaluated independently using the schedules below.
2. If a patient defaults on his/her established payment arrangement, the entire remaining amount will become due and the collection process will resume.
3. Payment arrangements are variable, and arrangements can be reset if the amount due from the patient has grown such that the current monthly arrangement amount is no longer sufficient to satisfy the debt within the number of months required by the table.

Chatham Hospital Balance Payment Plan

<u>Amount Due</u>	<u>Monthly Payment Amount</u>	<u>Months to Pay</u>
< \$29	Payment in Full	1
\$30-899	\$25 per month	Amount due ÷ \$25
>\$900	Amount due ÷ 36	36

Charity Care

Charity Care is a benefit where 100% of the patient's balance will be written off except for limitations in the Financial Assistance Exceptions Table (Appendix A) and those balances covered by external funding sources. Charity Care is available for Chatham Hospital patients who meet family income criteria as determined by Medicaid eligibility criteria (see Appendix B). Any Chatham Hospital patient may apply for financial assistance and all applications will be considered without regard to race, color, gender, national origin or religious preference.

1. Availability
 - a. A Charity Care application will be made available to anyone who requests it or is identified with a need AND meets eligibility screening criteria as outlined on the Charity Care Screening Tool (Appendix B).
 - b. Patients may submit an application for Charity Care prior to their first visit to Chatham hospital. The application will be held until initial services are rendered.
 - c. Chatham Hospital will post notices as required by law regarding the availability of financial assistance. Patients requiring financial assistance or thought to require such assistance will be referred to a Financial Counselor.
 - d. Patients may only receive Charity Care after all other financial resources available to the patient have been exhausted AND the patient is without sufficient income to cover out of pocket expenses as defined by Chatham Hospital. Other financial resources include, but are not limited to, private health insurance, CHIP, agency funding, Medicare and/or Medicaid.

- e. If the Charity Care application is approved, Charity Care will apply to balances after all third party coverage has been collected. Whenever agency funding is available, whether or not the patient has been approved for Charity Care, agency funding must be secured prior to the service being scheduled and covered by Charity Care. If the service is scheduled prior to the completion of the agency funding process, the service must be flagged for exclusion from Charity Care.
- f. A determination of eligibility for Charity Care will be effective for twelve (12) months and will be applicable toward all applicable patient balances incurred prior to an approved Charity Care application.
- g. Charity Care covers only services deemed "medically necessary" by Medicare, Medicaid, or industry standards. All medically necessary services will be considered Category 1 in the Financial Assistance Exceptions Table (Appendix A) by the Financial Assistance Oversight Committee.

2. Rights and Responsibilities

- a. If a patient does not have Medicaid or other private agency funding, but may qualify, the patient must cooperate with the application process to be considered for Charity Care. If a patient does not cooperate with the application process for any available funding, Charity Care will be denied or revoked if active approval is on file and the patient will be responsible for any balances. The patient is required to provide documentation to include but not limited to evidence of third party coverage, employment status, verification of employment, and family size.
- b. For patients actively receiving Medicaid, except for Family Planning and EMS Medicaid, a complete application is one that has the guarantor and dependent sections filled in, bears the patient's signature, and is supported with a copy of the valid Medicaid card. For Medicaid patients completing this process, the Charity Care eligibility date will be the effective date on the Medicaid.
- c. Only patient balances will be considered for Charity Care write-off. Patient balance is the amount for which there is no third party coverage or other funding available or balances after insurance.
- d. If the patient's household income is less than or equal to 250% of the current Federal Poverty Guidelines for their family size, the patient may be eligible for Charity Care.
- e. Once the final determination has been made regarding Charity Care eligibility, the patient will be notified in writing.
- f. If a patient's income or family size changes, a new Charity Care application may be submitted with supporting documentation for re-evaluation of Charity Care status.
- g. Any payments made to date will be counted toward the amount due and will not be refunded.
- h. The patient has the right to appeal a denied application for Charity Care. The appeal will be reviewed by the Financial Assistance Oversight Committee. The patient will be notified in writing of the appeal outcome.

3. Extraordinary Circumstances/Other Applicant Categories

Qualification under extraordinary circumstances not outlined below, requires approval by the Financial Assistance Oversight Committee.

- a. Homeless Persons – A homeless person is an individual who has no home or place of residence and depends on charity or public assistance. Such individuals will be eligible, even if they are unable to provide all of the documentation required for the Charity Care application. The Charity Care application needs to indicate in the address field that the patient is homeless, and the application must be signed by the patient.
- b. Deceased Patients - The charges incurred by a patient who has died may still be considered eligible for Charity Care. For the Charity Care application, the deceased patient will count as a family member, but their income will be zero.
- c. Inmates – Charges incurred by a patient who has subsequently become incarcerated may still be considered eligible for Charity Care. His/her income will be deemed as zero for the purposes of the Charity Care application from the date of entry into the correctional facility until the date of release from the correctional facility. Written proof from the correctional facility that the patient is an inmate including date of entry and proposed date of release shall suffice as the Charity Care application. **Note:** All charges incurred during the incarceration are the responsibility of the correctional facility.

4. Notification

- a. Once complete and submitted, an application will be reviewed within 15 business days against Chatham Hospital's eligibility criteria.
- b. Once approved or denied, a notification letter will be sent to the patient.
- c. If additional information is required to reach a determination, a request for additional information will be sent to the patient.

5. Changes to the Policy or Eligibility Criteria

Charity Care eligibility criteria will be reviewed annually by the Financial Assistance Oversight Committee and is updated to reflect published changes in the Federal Poverty Guidelines. Revisions may be made at any time to the criteria or the policy based on changes in Chatham Hospital's financial ability to provide financial assistance or changes in state or federal regulations.

6. Default Criteria Definition

In the absence of specific program description language defined by this policy, the current North Carolina Department of Health and Human Services, Division of Medical Assistance Medicaid Manual will be used as the default.

Appendix A
Financial Assistance Exceptions Table

Category	Definition	Program Eligibility		Service Definitions
		Discount	Charity Care	
Category 1	Medically Necessary	Y	Y	Most Services

When applicable, insured patients who are also eligible for Charity Care will pay their insurance carrier's required copay, not the Charity Care copay.

Appendix B

Requirement Definitions for Charity Care

Third Party Coverage - All patients will be screened for third-party sources of coverage and assistance that may include, but are not limited to:

- 1) Personal or Employee Sponsored Health Insurance
- 2) Medicare, Medicaid, CHIP, commercial, or any other third party coverage
- 3) Eligibility for public assistance programs
- 4) Third party coverage from an employer or family member's employer
- 5) Workers' Compensation

Income/Employment Status – Income includes total cash receipts from all sources before taxes. Verification of income is not required for dependents under age 18.

The following are considered income:

- 1) Wages and salaries before deductions
- 2) Self-employment income
- 3) Social security benefits
- 4) Pensions and retirement income/distribution
- 5) Unemployment compensation
- 6) Strike benefits from union funds
- 7) Workers' Compensation
- 8) Veterans' payments
- 9) Public Assistance payments
- 10) Training stipends
- 11) Alimony
- 12) Military family allotments
- 13) Income from dividends, rents, royalties, & interest income
- 14) Income from estates and trusts
- 15) Income from legal settlements
- 16) Regular insurance or annuity payments
- 17) Support from an absent family member or someone not living in the household
- 18) Lottery winnings
- 19) One third of liquid assets drawn down as a withdrawal from a bank. A minimum of the last three bank statements from the guarantor is required. Stocks, bonds and non-retirement investments are considered available liquid assets to be used for this calculation. Long-term retirement annuities are not included when considering liquid assets. Examples of liquid assets include, but are not limited to checking, saving, & money market accounts, CDs, and bonds.
- 20) Non-liquid assets as defined by requirements according to North Carolina Department of Health and Human Services' Medicaid MA-2230 Financial Resources definition for countable real property will be considered in assessing financial assistance eligibility. A patient's equity in real property, when compared to the tax value, will be considered a non-liquid asset. The patient's primary residence will be excluded. Patients will be made aware of this provision at time of application for financial assistance.

The following will not be considered income:

- 1) Food or rent received in lieu of wages

- 2) Non-cash benefits
- 3) Payments from student loans and grants
- 4) Child Support payments

The following may be used to prove income:

- 1) Federal and state income tax returns for the prior calendar year.
Self-employed patients are to provide Schedule C of their federal income tax return. The following deductions will not be allowed in determining income:
 - a. Depreciation
 - b. Travel, Meals, & Entertainment
 - c. Expenses listed as "Other" on Schedule C will be evaluated on an individual basis
- 2) W-2 Form(s), or other IRS income forms, included with the prior calendar year tax return filing.
- 3) Payroll check stubs covering the last six weeks are required. When check stubs are unavailable, telephone verification from employer verifying employment and income is acceptable. Telephone verification may only be performed by an authorized Chatham Hospital employee to the applicant's Human Resource Representative, not vice-versa. The Chatham Hospital employee must document in the system and/or record the following:
 - a. Company name
 - b. Date, time of phone call
 - c. Phone number called
 - d. Person at applicant's place of employment verifying income
- 4) Other current income from any source not directly related to employment, such as retirement or disability benefits, Social Security, or Veteran's Benefits must be verified with check stubs or other documentation.
- 5) The most recent three months of checking & saving account statements.
- 6) Patients who are employed, but due to a temporary medical condition rendering them unable to work are not drawing an income, will have their annual income reduced by the period of inability to work. This pro-rated income will be used in determining the patient's eligibility for financial assistance. Example: The income of a patient with an annual income of \$40,000 who is unable to work for 12 weeks will have a pro-rated annual income of \$30,000 for the purposes of determining eligibility for financial assistance.
- 7) In instances when the patient states that the above supporting documentation does not exist, the patient will be required to provide a statement attesting to their income.

Unemployment may be documented by presentation of:

- 1) North Carolina Employment Security Commission documents
- 2) Letters from state and local agencies on their letterhead
- 3) In the absence of any of the above, patients who are unemployed are required to document how their expenses are being paid. Credit reports will be obtained when additional information is needed. These requirements will be waived for patients of retirement age as published by Social Security.

Family Size - A family is a group of two or more persons related by birth, marriage, or adoption that live together. All such related persons are considered as members of one family. Family members are defined as follows:

- 1) The patient and, if married, his/her spouse
- 2) Any natural, or adopted minor child of the patient, or spouse who has not been emancipated by a court and who is not, or has never been, married

- 3) Any minor for whom the patient or patient's spouse has been given the legal responsibility by a court
- 4) Any person designated as "dependent" on the patient's latest tax return
- 5) Any student over 18 years old who is dependent on the patient's family income for over 50 percent support
- 6) Any other person dependent on the patient's family income for over 50 percent support
- 7) Any minor child of a minor who is solely, or partially, supported by the minor who is a member of the patient's family

Dependency is determined by one of the following documents that contain the patient's or patient's spouse's name:

- 1) Current tax return
- 2) Court-ordered guardian/conservator ship
- 3) Birth certificate
- 4) Baptismal record
- 5) Social Security award letter
- 6) U.S. Immigration documentation
- 7) In the absence of any of the above, a signed affidavit from the patient witnessed by a Chatham Hospital representative attesting to the dependency of minor child or other family member
- 8) A minor is one who has not reached his/her eighteenth (18th) birthday and who is not and has never been married. When the marital status of the minor cannot be determined, or when there is no documentation indicating the patient is an emancipated minor, the parents or legal guardian should be designated as the responsible party. The parent's or guardian's income and residence should be used to determine eligibility for financial assistance. Legal guardianship must be supported by fully executed and valid legal documents.

Proof of family size will be based on the most current filed Federal Tax form in accordance with the IRS tax laws. A birth certificate(s) must be presented to validate an increase in the family unit above the total claimed on the most recent tax return. If no tax return is provided, the family size will be calculated as one (1).



David Conner
Director of Patient Financial Services

2/25/09
Date