MADISON REGIONAL HEALTH SYSTEM

Madison, SD

Policies and Procedures

Subject/Title: **Financial Assistance Program**	Policy #: GA-075			
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	Effective Date: 11/24/93			
Department/Initiator: **ADMINISTRATION**	Reviewed/Revision/Dates			
Supersedes: 10/15/91; 11/24/93	Reviewed 01/2002 Revised 4/2013 Revised 10/2017	Reviewed 11/2003 Revised 2/2016 Revised 5/2018	Revised 10/2004 Revised 8/2016 Revised 1/2020	Revised 10/2005 Revised 4/2017

I. Objective:

Madison Regional Health System provides health care services to all persons in need, regardless of ability to pay and without regard to race, color, national origin, disability, age, religion, sex, gender identity (including gender expression), sexual orientation, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity. Madison Regional Health System is committed to this philosophy. It is, however, expected to operate in a financially responsible manner and to manage its limited resources effectively. With these principles in mind, the following policies are set in place to assist patients who require care, but are unable to pay for part or all of the care they receive. To the best of Madison Regional Health System's ability, this policy will adhere to the IRC 501(r) rules and regulations.

II. Scope:

This policy covers all emergent and medically necessary services provided and billed by the Madison Regional Health System. This policy covers all professional fees for providers that are billed by Madison Regional Health System. This policy does not cover services and bills provided by independent physicians or other non-Madison Regional Health System providers. Patients will be directed to contact their physician or other provider directly.

III. Purpose:

The purpose of this policy is to provide guidelines for the Madison Regional Health System staff in ensuring all patients have access to emergency and medically necessary care regardless of their ability to pay. This policy will provide a uniform approach to identifying patients who may qualify for financial assistance. This policy will also provide a uniform approach for billing practices of the Madison Regional Health System. This policy will assist the Madison Regional Health System in providing essential healthcare to all patients, regardless of their ability to pay, as part of its mission. It is not the intent of the Madison Regional Health System to cause undue financial hardship to its patients and their families.

IV. Policy:

A. The Madison Regional Health System is committed to providing essential healthcare services to those who are uninsured, underinsured, ineligible for private or government insurance, or otherwise

unable to pay based on an individuals financial situation. It is the mission of the Madison Regional Health System to ensure that all patients receive their healthcare needs regardless of their ability to pay in accordance with section 1867 of the Social Security Act (42 U.S.C. 1395dd).

B. Patients who receive care at the Facility are generally expected to contribute to the cost of their care based on their ability to pay.

C. This policy is specifically targeted to identify those eligible individuals who are identified as low-income, uninsured and underinsured. This policy is not intended to be applied to those individuals who are insured or self-insured who have the means to meet their financial responsibility of their incurred charges including deductibles, co-payments, and co-insurance amounts.

D. The Madison Regional Health System does recognize that certain state and/or federal laws require good faith efforts be made to collect all debts owed. The Madison Regional Health System also recognizes certain state and/or federal laws that preclude discounts to all patients. Discounts will be applied on a case-by-case basis as determined appropriate by the CEO or CFO. The Madison Regional Health System also recognizes that federal and/or state laws may prevent it from discounting and/or waiving deductibles, co-payments, and co-insurance amounts.

E. All patients have the ability to complete and submit an application for financial assistance to the Madison Regional Health System.

F. The Madison Regional Health System reserves the right at its discretion to identify any extenuating circumstances when determining eligibility of any financial assistance.

V. Definitions Used in this Policy:

A. Charity Care: 100 % free medical care for emergent or medical necessary healthcare services provided and billed by the Madison Regional Health System. Patients will be required at minimum to have not in excess of 150% of the Federal Poverty Guidelines of income.

B. Indigent By Design: Those patients who have been offered health insurance through their employer AND whose income is in excess of 400% of the Federal Poverty Guidelines. The Madison Regional Health System reserves the right to, at its sole discretion, grant a partial discount to those indigent by design and assist them with developing a payment plan that is suitable to both the patient and the Madison Regional Health System. The Madison Regional Health System will use all methods that are legally available to collect on the debt owed by those indigent by design. Some examples of those who are indigent by design, but not limited to, are those patients under 26 years of age who qualify for inclusion on their parent's or guardians health insurance plan, college students who did not elect the student health plan, or college students who are not working in some capacity.

C. Medical Necessity: 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. (AMA definition of "medical necessity" Policy H-320.953[3], AMA Policy Compendium).

D. Partial Charity Care: Discounted medical care for emergent or medical necessary healthcare services provided and billed by the Madison Regional Health System. Patients may be eligible for partial charity care who have family incomes in excess of 150% of the Federal Poverty Guidelines. Partial charity care discounts will be up to 95% of the amounts generally billed.

E. Patient/Dependant: Those living in the same household at a single residence are considered dependents. Dependents will also include those college students who live away from home and are claimed on the parent or guardian's tax return.

VI. Procedures:

A. Financial assistance adjustments are available for emergency and medically necessary services. Non-essential elective services are not considered for financial assistance. Balances are considered for up to 1 year back from the date the application is received by the facility. Any balances prior to 1 year back from the date the application is received, will not be considered.

B. Patients with unencumbered assets in excess of $50,000 are not eligible for financial assistance.

C. Patients whose household income does not exceed 150% of the Federal Poverty Guidelines may be eligible for 100% of their emergent or medical necessary bills to be written off as charity care. Assets, expenses, household size, among others will also be taken into account in determining the level of charity care granted.

D. Patients whose household income is greater than 150% but less than 400% of Federal Poverty Guidelines may be eligible for financial assistance based on a sliding scale. Assets, expenses, household size, among others will also be taken into account in determining the level of charity care granted.

E. Patients whose household income is greater than 400% of the Federal Poverty Guidelines may be eligible for a cash discount at the discretion of the CEO and/or CFO based on case-by-case circumstances. These discounts will not be considered charity care. Any discount exceeding 10% of charges may be required to be supported with a financial assistance application.

F. Applicants are required to complete and sign a financial assistance application. The application focuses on identifying the size of the family unit and financial information sufficient to determine if the applicant qualifies for financial assistance. The financial information required includes, but is not limited to, monthly income, assets, liabilities, employment status, living expenses, and any other pertinent information needed to determine eligibility. All financial information will be treated as confidential to the extent required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and other federal and/or state privacy laws.

G. The applicant will be asked to provide proof of gross household income such as: Last two pay stubs or Social Security Check copy; Income Tax Return; W-2 Form, unemployment

compensation statement, disability compensation report, retirement income statement, WIC, food stamps, child support, alimony, investment interest income, and any other income source verification.

The applicant will be asked to provide proof of assets and liabilities owed on the assets, including, but not limited to, cash on hand, bank statements, investment statements, life insurance statement mortgage statement, real estate assessment notices, vehicle registrations, loan statements, farm equipment, livestock, rental property, business property, recreational property, and any other assets owned by applicant.

The applicant will be asked to provide proof of expenses to include, but not limited to, rent, mortgage payments, taxes, food, vehicle payments and expenses, child care, medical, dental, and vision expenses, insurance premiums, copays, deductibles – coinsurance amounts, credit cards, collection agencies, clothing, utilities, student loans and any other expenses claimed by the applicant.

H. Applicants need to be aware that falsifying information on the financial assistance application will be grounds for denying or revoking financial assistance. Falsifying an application includes, but is not limited to, failure to disclose assets, as well as transferring assets to avoid reporting them.

I. Applicants refusing to complete the financial assistance application will be denied financial assistance.

J. Applicants who are dependents of another individual will be denied charity care if the patient or legal representative/guardian does not respond to requests for additional information.

K. Applicants are invited to submit any additional documentation they feel may be useful in the evaluation and determination process including information detailing permanent or severe illness, extenuating circumstances, and expenses such as prescription drugs, child care, alimony/child support.

L. If applicable, the patient's insurance is filed and payment is received from the insurance company before determining any financial assistance adjustment. Failure of an applicant to cooperate with claims filing, or collecting from a potential third party resource, will be grounds for denying financial assistance.

M. A representative of the Facility counsels with self-pay patients to determine the level of financial need and to determine payment arrangements prior to services, if possible. If the patient's situation appears to meet the financial assistance guidelines, an application for financial assistance will be initiated.

N. Physicians and Facility Staff can help identify patients who may require financial assistance and refer the patients to an appropriate facility representative prior to scheduling or performing non-emergency services.

O. The facility may presumptively determine that an individual is eligible for the most generous assistance available under its FAP, based on information provided by others or based prior determination.

i. Facility may presumptively determine that an individual is eligible for less than the most generous assistance available under the FAP based on information other than that provided by the individual or based on a prior FAP – Eligibility determination. An example would include an individual covered under an out-of-state Medicaid plan in which the facility does not participate.

If it is determined that financial assistance is less than the most generous assistance available, the facility will notify the individual regarding the basis for the presumptive FAP eligibility determination and give the individual the opportunity to apply for the most generous assistance available. The individual will have 30 days to make the application for the most generous assistance. All or any extraordinary collection actions will be put on hold while reviewing an application for the most generous assistance available.

P. Since financial assistance is considered a resource of last resort, every attempt will be made to assist the patient in becoming covered under any available assistance programs, state, local, federal or Community-Based, etc.

Q. When a financial assistance application is initiated, the Facility representative advises the applicant of the supporting documentation that is required before the financial assistance request will be considered. Individuals will be notified in writing if additional information is required.

R. The Facility representative follows up on incomplete financial assistance applications. If all supporting documentation is not submitted within 30 days of the application, the request for financial assistance is denied.

S. Once the necessary signatures are completed and approval or denial is confirmed, a Facility representative sends the patient a letter informing them of the decision. A decision will be made within 30 days of receipt of a complete application.

T. If the application is approved, the patient should agree to payment arrangements on the remaining balance of their account, if any, with a Facility representative and/or appropriate collection agency.

U. Eligibility will be determined as close to the date of service as possible, but will not preclude the need to grant financial assistance at a later date.

V. Every reasonable effort will be made to notify individuals about the financial assistance program through the notification period. The notification period begins on the first date of service and ends on the 120th day after the first billing statement. The notification period ends immediately if an application for financial assistance is received prior to the 120th day after the first billing statement. If the financial assistance application is not received within the

notification period the facility can proceed with extraordinary collection actions. The Facility will not engage in extraordinary collections against an individual before making reasonable efforts to determine whether the individual is FAP eligible for care.

Reasonable efforts shall include:

1. Validating that the patient owes the unpaid bills and that all sources of third party payment have been identified and billed by the Facility.
2. Documentation that Madison Regional Health System has attempted to offer the patient the opportunity to apply for charity care pursuant to this policy and that the patient has not complied with the Facility's application requirements.
3. Documentation that the patient has been offered a payment plan but has not honored the terms of that plan.

Extraordinary collection actions may include actions such as, but not limited to: liens on property, attaching or seizing bank accounts, foreclosures on real property, commencing civil action, garnishing wages, and reporting debt to the credit agencies.

W. The facility will continue to accept and process financial assistance application during the application period. The application period begins on the first date of service and ends on the 240th day after the first billing statement. If an incomplete financial assistance application is received during the application period, the facility will suspend any collection efforts and give the applicant 30 days to complete the application. A written notice will be given to the individual detailing any incomplete information that is needed. If the information is not received within the 30 days, a written notice will be sent to the individual detailing the resuming of extraordinary collection actions if the complete application is not received or the balance is paid in full by a deadline. This written notice will be provided at least 30 days before the later of the deadline in the notice or the application period end date. If a complete financial assistance application is received during the application period the facility will process the application and give written notification to the individual within 30 days of receipt of the complete application. The facility will provide a billing statement detailing the amounts owed by the individual along with the amounts generally billed discount. The facility will refund any excess payments made by the individual and take reasonable efforts to reverse any extraordinary collection action taken against the individual.

X. A summary of the financial assistance policy will be included on the back of each billing statement.

Y. A summary of the financial assistance policy will be included on all communications regarding a patient bill. This summary will also be provided by any agency in which the Madison Regional Health System outsources any accounts receivable efforts.

Z. Any final notice sent to a patient or responsible party prior to sending an account for extraordinary collection efforts will include information on the next steps of collection efforts if the individual does not submit a financial assistance application or pay the balance in full by a date which is no earlier than the end of the notification period.

AA. Individuals will be required to fill out a new financial assistance application if dates of service of the emergent and medically necessary care are greater than six months in time. If during the six month duration the individual presents to the Madison Regional Health System for treatment, the latest financial assistance application may be used to determine financial assistance eligibility. The Madison Regional Health System has the right to verify and request additional information it sees fit.

BB. In the event of a denied financial assistance application, the individual has the right to appeal. The appeal must be in writing and received by the Madison Regional Health System within 30 days of the written denial. Failure to appeal will result in the decision of denial becoming final. The decision will not be eligible for further appeal.

III. Financial Assistance Standards:

To be considered for a financial assistance allowance, the following criteria must be met:

A. The Community Services Administration (CSA) Poverty Income Guidelines (PIG) as published annually in the Federal Register will be the starting basis for guidelines used to qualify applicants.

B. The Facility will use a points system to assist in determining financial assistance eligibility. The points systems will include, but not be limited to the following: income, family size, assets, and expenses.

C. The Facility Administrator will be consulted for guidance when necessary to adjudicate complex or difficult applications.

D. The Chief Financial Officer is responsible for monitoring the Federal Register for updates to the CSA Poverty Income Guidelines, and for updating the Income Criteria Table on which this policy is based. The updated Income Criteria Table will become effective automatically on the first of the month following publications of the CSA guidelines in the Federal Register.

E. The Madison Regional Health System recognizes that IRC 501(r)(5) limits the amounts generally billed to the patients for emergent and medically necessary healthcare to amounts not more than those generally billed to those individuals covered under an insurance plan. Clinic, non-emergent, and non-medically necessary services are not subject to this regulation.

i. The Facility will not bill self-pay patients who qualify under this policy not more than the average of Medicare payments over the 12 month period beginning May 1st to April 30th. The current AGB discount calculated is 44%. This percentage will be calculated annually at the most recent fiscal year end.

ii. The statement that will be sent to the patients will include gross charges, self-pay discounts applied, financial assistance discounts applied, charity care amounts, and the net patient responsibility amount.

F. Granting charity care or financial assistance is at the sole discretion of Madison Regional Health System with final authority delegated by the Board to the Facility Administrator.

G. Refer to Policy GA-074 for further guidance on billing and collection guidelines.

H. A copy of this policy and plain language summary are available free to the public on our website at www.madisonregionalhealth.org., the front desk of the facility, or at the emergency room admissions area.

I. Madison Regional Health System will attempt to work with public health agencies in our community to inform them of this policy. We will provide this policy, plain language summary, and financial assistance application to these agencies. We will encourage the public health agencies to work with their populations on assisting with completion of these forms.

IV. Provider list:

Please see Appendix A for a list stating which providers that perform services at Madison Regional Health System utilize this Financial Assistance Policy.