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| **Financial Assistance Program Policy**  **Policies and Procedures** | | |
| **Department:** Finance | | |
| **Created:** 05/01/2022 | **Approved On: July 18, 2022** | **Next Review:** |

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# PURPOSE:

To provide partial financial assistance for medically necessary healthcare services received as an inpatient or outpatient from the Harlan County Health System in a fair, consistent, respectful, and objective manner to *indigent, medically indigent, uninsured, or underinsured patients.* Harlan County Health System may qualify Charity Care Financial Assistance.

**Policy**: Allocating up to one-half (50%) of qualified patient’s responsibility to Charity Care (Financial Assistance) based on the criteria defined below.

# Eligibility Criteria:

* 1. Financial Assistance employs a sliding scale discount that takes into consideration a patient’s household income as well as their qualifying assets.
  2. Eligible patients have received *medically necessary services* as an inpatient or outpatient from the Hospital who are considered low-income and/or uninsured person and not eligible for coverage that would otherwise pay for these services (whether through employer-based coverage, commercial insurance, government sponsored coverage or third-party liability coverage). In addition, the patient’s Household Income (as defined below) must be less than twice the *Federal Poverty Level* and the financial assistance discount is subject to the limitations on Qualified Assets described in section C.6 and C.7 below.
  3. Financial Assistance determination will be consistent among patients, regardless of their sex, race, creed, disability, sexual orientation, national origin, immigration status or religious preference.
  4. Financial Assistance is secondary to all other financial resources available to the patient, including employer-based insurance, commercial insurance, government programs, third party liability and household qualified assets.
  5. Patients with financial resources that have access to health insurance, third party reimbursement for health services or government assistance that elect not to enroll, fail to take advantage of, or fail to maintain eligibility for such coverage will be excluded from receiving financial assistance.
  6. The Financial Assistance application process should be initiated prior to an account being classified as bad debt. Account balances residing with a collection agency do not qualify for the Financial Assistance Program.

1. Application Process
   1. All qualifying applicants will be considered for Financial Assistance for *medically necessary* healthcare in accordance with the qualifications and guidelines herein set forth.
   2. Patients wishing to apply for Financial Assistance are responsible to initiate the process by seeking and completing the “Personal Financial Statement for Financial Assistance” within 120 days of discharge.

Individuals who suffer a significant life changing event may seek financial assistance for services rendered up to 24 months prior but will require CEO approval.

* 1. If the patient fails to initiate the Financial Assistance process and the Harlan County Health System business office has knowledge of the patient’s financial hardship the Business Office may notify the patient in writing and request the patient to initiate the Financial Assistance process.
  2. The Financial Assistance process should be completed when it is evident that a patient or the person having fiscal responsibility for the medically necessary services provided does not have health insurance coverage and/or will have a substantial personal payment responsibility and does not have the financial resources to make such a payment.
  3. The Financial Assistance process can take place at the time of service (during pre-admission, admission, or during discharge planning) or at a later date when it becomes evident that a patient or the person having fiscal responsibility for the medically necessary services is having difficulty making payment in a timely and/or systematic manner. However, it must begin prior to the account being transferred to a collection agency.
  4. If the patient fails to initiate the Financial Assistance process, Harlan County Health System may elect to begin collection activity including transfer of the account to a collection agency.
  5. The application process includes completion of a “Personal Financial Statement for Financial Assistance” and providing verification documents. Verifiable information may include, but is not limited to, the following:
     1. Individual or family income (current income tax return with copies of earning statements, W-2’s, 1099’s, etc.).
     2. Copies of the most recent 90 days of payroll stubs, SS Checks, Unemployment Checks, Disability Checks, Foster Parent Income if children are counted in family numbers
     3. Current Bank Statements on all Accounts
     4. Current Trust Fund Statements
     5. Mortgage Statements
     6. Annual Property Tax Statement (All)
     7. In the absence of income, a letter of support from individuals providing for the patient’s basic living needs.
     8. County Tax Appraisal Statement
     9. Documentation of employment status
     10. Vehicle registrations for all vehicles
     11. Household Family Size
     12. Business Office knowledge of individual or family background.
     13. Business Office previous experiences
     14. Credit reports (if needed)
     15. Previous or current returns from collection agencies with documentation regarding inability to pay.

THE OBJECTIVE IS TO DOCUMENT THE NEED FOR FINANCIAL ASSISTANCE. IF A PATIENT OR THE PERSON WHO HAS FINANCIAL RESPONSIBILITY FOR THE MEDICALLY NECESSARY SERVICES IS UNWILLING OR UNABLE TO PROVIDE ALL NECESSARY AND PERTINENT INFORMATION TO MAKE A CONSCIENTIOUS AND FAIR DETERMINATION OF THEIR FINANCIAL NET WORTH, A FINANCIAL ASSISTANCE DISCOUNT WILL NOT BE GRANTED.

* 1. Patients who have satisfactorily completed an application for Financial Assistance and are under review will have a stay of collection activity on their bills.
  2. The Hospital Business Office will continue to collaborate with the patient or the personal guarantor having fiscal responsibility for the *medically necessary services* to resolve payment of the remainder of their account balance after Financial Assistance. Patients or the person having fiscal responsibility for the *medically necessary services* are responsible to make the mutually acceptable payment plan arrangements with the Hospital within 30 days of receiving a written notice of determination regarding their Financial Assistance application.

1. Financial Assistance Determination
   1. Financial Assistance Discounts are in addition to the *Uninsured* and Underinsured *Discounts*. The qualifying level of assistance is applied to charges after the *Uninsured or Underinsured Discounts* have been applied. Financial Assistance discounts are determined based on a sliding-fee scale and are subject to income and assets. To obtain Financial Assistance the Business Office must establish that the patient’s household income is below twice the amount of the *Federal Poverty Level* (FPL) at the date of application. The discount provided per FPL income is identified in an attached schedule.
   2. Allowances may be made for extenuating circumstances based on each person’s unique life circumstances and mitigating factors. The amount of assistance provided by the Hospital is based on the financial assistance discount but is limited to 50% of the patient’s outstanding balance.
   3. “Household Income” includes all pre-tax income however derived for all persons 18 years of age or older who reside in the household.
   4. “Household Assets” will be considered in the final determination of eligibility for Financial Assistance discounts. Household Assets that will be considered to include all cash and non-cash assets owned by any and all members of the household who are 18 years of age or older and who reside in the household. Household assets include, but are not limited to:
      1. Cash held in savings accounts, checking accounts, safe deposit boxes, or in the household.
      2. Value of trust (including living trust) the patient or guarantor has interest or ownership in and includes equity in real estate.
      3. Cash value of stocks, bonds, treasury bills, mutual funds, certificates of deposit and money market accounts.
      4. Cash value of life insurance policies.
      5. Personal property held as an investment, such as jewelry, coin collections, etc.
      6. Vehicles, other than a family automobile of reasonable value used as the primary source of transportation. Primary vehicle valuation over $12,500 will be used in the asset calculation.
      7. Boats, campers, trailers, farm machinery and equipment.
      8. Lump sum or one-time receipts of funds, such as inheritances, lottery winning, insurance settlements.
      9. Value or equity in real property such as residence, rental property, business property and farming property.
      10. 3rd Party Claims
      11. Inheritance received or pending
   5. A patient who is otherwise eligible for Financial Assistance will have the amount of the Financial Assistance discount reduced by the amount that the patient’s “Qualified Assets” exceed the amount of the bill for which the patient otherwise would be responsible after the deduction of financial assistance discount based on income.
   6. “Qualified Assets” are determined by calculating one-quarter of the amount that remains after the $25,000 is deducted from the total value of a patient’s net household assets. For example, Qualified Assets = (Household Assets-Household Debts-$25,000) x (25%).
   7. Harlan County Health System may request a credit history report to confirm the financial assistance information as needed.
   8. Assignment of the account to a collection agency for follow-up will not occur during the assistance determination process.
   9. Incomplete Financial Assistance applications or undocumented information within the application may cause the Hospital to deny the assistance until or unless the completed application or documentation is provided. The Hospital will retain the incomplete application and send a letter to the patient outlining the information needed and how to submit the necessary paperwork with a due date for completion.
   10. The Hospitals Business Office Manager or his/her designee will prepare the Financial Assistance discount determination.
   11. The Hospitals Business Office will inform the patient of the result of their application within 60 days of receiving a completed application along with all required and necessary documentation. Final determination of Financial Assistance request will be provided to the patient in a written notice of determination. Medical indigence must be noted in the letter to meet Medicare Cost Report Reimbursement requirements. The discount will be valid for 90 days following the date of the determination, but that will not be stated in the determination letter. Medically necessary services for 90 days following the determination will be evaluated under the same financial information already provided to the Hospital. After 90 days a new evaluation process will need to be implemented for Financial Assistance on medically necessary services.
   12. Patients or their representatives can appeal a denial of a Financial Assistance discount by providing additional information regarding eligibility determination or an explanation of extenuating circumstances, to the Business Office Manager of the Hospital within 30 days of receiving a financial assistance discount denial notification. The party making the appeal will be notified in writing of the final decision made by the Business Office Manager.
2. Uninsured and Underinsured Discounts
   1. The Hospital provides patients who receive medically necessary services from the Hospital, who are uninsured or underinsured, a discount equal to 20%.
   2. Eligible patients are people who have received medically necessary services from the Hospital, who are uninsured or underinsured persons, and are not eligible for coverage that would otherwise pay for services (whether through employer-based coverage, commercial insurance, government-sponsored coverage or third- party liability coverage).
   3. If paying the Hospital for medically necessary services rendered to a patient by the Hospital creates a financial hardship, patient will be referred to the Hospital’s Financial Assistance Program. The Uninsured or Underinsured Discount has no bearing or impact on a person’s ability to apply for Financial Assistance. Financial Assistance is applied to the remaining hospital bill after the Uninsured or Underinsured discount has been applied.
   4. The Uninsured or Underinsured Discount will be charged to Self-Pay discount under the financial statements.

# Approval and Authorization:

1. Approval and authorization of Financial Assistance discount will be based on the following: Amount of Financial Assistance Discount requires Proper Authorization
   1. Patient Accounting Representative (Billing Company) - $0 - $350
   2. Patient Accounting Lead - $351 - $1,499
   3. Controller - $1,500 - $4,999
   4. Chief Financial Officer - $5,000 - $9,999
   5. CEO/Administrator >$10,000

1. Terms and Definitions

Medically Necessary -refers to inpatient or outpatient health care services provided for the purpose of evaluation, diagnosis and/or treatment of an injury, illness, disease, or its symptoms, which left untreated, would pose a threat to the patients ongoing health status.

Federal Poverty Level: Poverty thresholds that are issued each year in the Federal Register by the Department of Health and Human Services (HHS). <http://aspe.hhs.gov/poverty>

Guarantor: Refers to person financially responsible for patient’s account balance(s).

Indigent: Refers to a situation where payment of obligation will create a financial hardship.

Medically Indigent: Refers to situation where payment of obligation will create a financial hardship.

Underinsured: Refers to patients or guarantors having out of pocket expenses in excess of $10,000 and total household income less than or equal to 200% of Federal Poverty Level (FPL).

Uninsured: Refers to a patient that does not have healthcare coverage or insurance (Self-pay)