



## Approved Policy or Procedure

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**CATEGORY:** Finance

**TITLE:** Financial Assistance Policy

**POLICY NUMBER:** ADMIN M13

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**Purpose:**

In accordance with its stated mission, Lawrence Memorial Health Foundation, Inc. dba Lawrence Memorial Hospital (LMH) is committed to providing financial assistance to people who are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay for emergency and other medically necessary care. LMH will provide care of emergency medical conditions to individuals regardless of their ability to pay.

**Definitions:**

*Uninsured* – Patients or guarantors that have no third-party payer source at the time of admission

*Underinsured* – Patients or guarantors that have a third-party payer source at the time of admission but do not have the means to pay for residual healthcare account balances after the third party pays

*Non-Covered Services* - The following charges are excluded from any consideration for financial assistance:

- Cosmetic procedures not covered by any payer
- Elective procedures not covered by any payer
- Penalties assessed by the payer because the patient failed to abide by their insurance plan rules

*Household Income* – The combined gross income of all the members of a household who are 15 years old and older is considered to be household income. Individuals do not have to be related in any way to be considered members of the same household.

*Presumptive Eligibility* – A determination that a patient is presumed eligible for charity when adequate information is provided by the patient or other sources which allow LMH to determine that the patient qualifies for charity.

**Policy:**

LMH will give a 40% discount from billed gross charges per individual account to patients without insurance. Following a determination of the Financial Assistance Policy (FAP) eligibility, an eligible individual will not be charged more for emergency, medically necessary care, or other medical care covered under the FAP than the Amounts Generally Billed (AGB) to individuals who have insurance covering such care. LMH has calculated the current AGB to be 60% of gross charges. Therefore, LMH will give the following discount from GROSS billed charges (before 40% discount stated earlier) **to eligible FAP individuals** for inpatient or outpatient gross charges:

The method of calculation of the Amounts Generally Billed to individuals who have insurance covering such care was the look-back method. LMH reviewed claims allowed during the 12-month period ending January 31, 2020 for this calculation.

LMH will provide direct financial assistance (*charity*) using a sliding scale (25%-100%) based upon income levels up to 350% of the current *Federal Income Poverty Guidelines* as established by the Department of Health and Human Services. Eligibility for financial assistance (direct, payment plan or discount) will be subject to a review of income and reasonable expenses for the purposes of:

- Establishing proof of income and indigence
- Standardizing and equalizing the process of granting assistance
- Assuring that all relevant considerations are made in reviewing the request for assistance

**Procedures:**

1. In order to be eligible for financial assistance, a Financial Assistance Application must be completed and submitted along with the required documentation. Patients will be offered a Financial Assistance Application with their admissions papers. Additionally, the application will be available free of charge on the Lawrence Memorial Hospital website or upon request (see forms section below). The following documents must be submitted in order to be evaluated:
  - Financial Assistance Application (Completed and Signed)
  - Proof of Income (W-2, Income Tax Forms, Check Stubs, etc.)
  - Proof of Public Assistance (Proof of Food Stamps & HUD)
2. Completed Financial Assistance Applications that have been evaluated and approved by a related/affiliated facility of St Bernards Medical Center (SBMC) will be accepted as approved.
3. The application will be evaluated as follows:

- Evaluate the patient's income and compare with the sliding scale income tables based on the Poverty Guidelines.

### Poverty Income Guideline for 2021:

DISCOUNT TABLE

HOUSEHOLD SIZE	100%	100%	75%	50%	25%				
1	\$12,880	\$12,881	\$25,760	\$25,761	\$32,200	\$32,201	\$38,640	\$38,641	\$45,080
2	\$17,420	17,421	34,840	34,841	\$43,550	43,551	\$52,260	52,261	\$60,970
3	\$21,960	21,961	43,920	43,921	\$54,900	54,901	\$65,880	65,881	\$76,860
4	\$26,500	26,501	53,000	53,001	\$66,250	66,251	\$79,500	79,501	\$92,750
5	\$31,040	31,041	62,080	62,081	\$77,600	77,601	\$93,120	93,121	\$108,640
6	\$35,580	35,581	71,160	71,161	\$88,950	88,951	\$106,740	106,741	\$124,530
7	\$40,120	40,121	80,240	80,241	\$100,300	100,301	\$120,360	120,361	\$140,420
8	\$44,660	44,661	89,320	89,321	\$111,650	111,651	133,980	133,981	\$156,310
		2.0 Poverty		2.5 Poverty		3.0 Poverty		3.5 Poverty	

(Note: This table is to be updated annually as the Poverty guidelines are published)

- Match the patient's immediate family size and annualized household income with the sliding scale amount in the table. The amount to reduce/write off will be the % at the top of the table.
  - The FAP eligible determination will be considered to be effective for a period of 12 months following the date of approval unless evidence is received of a change in income or family size that would deem the eligibility no longer valid.
4. Patients/Guarantors receiving 100% financial assistance will be refunded any payments received in the six (6) months preceding the date of approval. Payments received after the date of approval, and within the 12month effective period, are to be refunded as well for those receiving 100% adjustment.
  5. Patients/Guarantors receiving less than 100% financial assistance are encouraged to set up a payment plan for the remaining balance with the following guidelines:
    - (a) Sixty (60) months maximum preferred
    - (b) Minimum payment of \$50.00 per month expected, but a \$25.00 per month payment may be accepted based on ability to pay
  6. Presumptive Eligibility for Charity will be considered in instances when a patient may appear eligible for charity discount, but there is no financial assistance form on file due to lack of supporting documentation, an incomplete or no application available. In the event there is no evidence to support a patient's eligibility for

charity, LMH will base their determination on the below criteria:

- a.) Means-tested public program eligibility
  - b.) Patient is deceased with no known estate
  - c.) Transient, homeless persons, incarcerations
  - d.) International student with no support group
  - e.) Persons with unknown identity
  - f.) 3rd party score below 100% FPG establishing charity-qualified conditions
  - g.) Validated 3rd party score from 100% - 149% FPG income level and/or another one of the criteria listed
7. LMH offers charity to patients with Medicaid as primary payer or secondary payer on billable patient charges.
  8. A charity write-off will be given to any account with a balance of \$9.99 or below.
  9. Patients who desire to pay their account balances quickly may be offered a PROMPT PAY discount of 5% on remaining balance. Discounts will NOT be given on accounts that have already been turned over for collections to a credit bureau.
  10. No financial assistance will be granted on accounts that are in bankruptcy or have been finalized for legal action.

### **Billing & Collection:**

- When allowed by contract or regulatory statute, LMH will send regular summary patient statements and detail itemized statements when requested by the patient or responsible party. Any attorney request for billing statements will be fulfilled by sending detail itemized statements when proper patient or legal authorization is provided.
- LMH sends a letter to all Blue Cross, Commercial, Managed Care, Medicare, and Medicare Advantage patients 30 days after final bill to verify insurance coverage. A request is made to the patient at that time to contact the Business Office with any corrections or additions to their current insurance coverage. Once the primary insurance plan has paid and amounts due from the patient/guarantor are determined, the accounts begin the billing cycle described below for self-pay patients/guarantors. LMH billing cycles for sending self-pay patient/guarantor statements are as stated below:
  - Statement cycle commences at discharge
  - First bill is produced with Financial Assistance Summary (FAS) included on second page of bill. It is the obligation of the patient/guarantor to provide a correct mailing address at the time of service or upon moving.

- Successive statements sent monthly.
- After 90 day period has lapsed, a notification letter is sent stating a deadline that is no earlier than 30 days after the date that the written notice is provided at which time the account will be assigned to collection agency and reported as a negative item with a credit bureau. After 180 day notification period, LMH Business Office Director or assigned manager will review accounts to ensure all reasonable efforts to determine FAP eligibility have been made and approve accounts prior to assigning to a collection agency.
- LMH will accept and process Financial Assistance Applications from an individual that has not previously been determined whether FAP eligible from day 181 to day 240 from first post-discharge statement.
- Patients with Medicaid as the primary payer or Medicare patients with Medicaid as secondary payer should not have statements mailed to them.
- LMH and its external collection agencies may also take any and all legal actions including, but not limited to, telephone calls, emails, mailing notices, and skip tracing to obtain payment for medical services provided.
- LMH will make a reasonable effort to orally communicate with the patient/guarantor about its FAP and about how assistance may be obtained with the FAP application process before an account is turned over to a collection agency and reported as a negative item with a credit bureau.

**Forms:**

- The Financial Assistance Application form is available free of charge on the Lawrence Memorial Hospital website and upon request.
- A printed copy of this Financial Assistance Policy is available free of charge on the LMH website or upon request.
- A Financial Assistance Summary is available free of charge on the LMH website, upon display at the facility, included in the self-pay admission packet, and upon request.
- Patient Matters has been identified as an available source of assistance with the FAP applications.

**List of Providers:**

LMH has a number of providers, other than the hospital itself, that deliver emergency or other medically necessary care in the hospital facility. Some of these providers are covered by the hospital facility's FAP and some are not. Please see the attached detailed list of these providers showing which are covered by the LMH's FAP and which are not:

Providers Covered under LMH Financial Assistance Policy from time to time on a case by case basis include:

- Family Medical Center
- Imboden Rural Health Clinic

Providers Not Covered under LMH Financial Assistance Policy include:

- Associated Radiologists, Ltd
- St. Bernards Gastroenterology Associates
- St. Bernards Wound Healing
- St. Bernards Heart & Vascular
- UAMS

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**Effective Date:** May 1997

**Date of Revision:** 12/1/1990; 07/2004; 01/08/2008 ajones; 04/21/2009 ajones; 11/11/2009 ajones; 2/21/2011 vwagner; 03/01/2011 ajones; 01/06/2012 vwagner; 8/7/2013 vwagner; 8/25/2014 vwagner; 11/13/14 myork; 3/15/2015 myork; 11/11/15 myork; 12/18/15 myork; 11/16/16 vwagner; 2/7/2017 vwagner; 07/19/2018 vwagner; 05/07/2019 ajones; 11/13/2020 measton; 02/18/2021 vwagner; 4/27/2021 measton

**Date of Review:** 12/2006; 02/2007; 01/2008 vcopeland; 01/2008 P&P; 01/13/2009 vwagner; 04/21/2009 tlambert; 04/2009 P&P; 06/22/2009 BOG; 11/11/2009 tlambert; 11/23/2009 BOG; 03/15/2010 vwagner; 3/20/2010 tlambert; 03/2010 P&P; 04/26/2010 BOG; 03/01/2011 tlambert; 03/28/2011 BOG; 01/15/2012 tlambert; 01/23/2012 BOG; 9/23/2013 BOG; 01/05/2014 vwagner; 01/27/2014 BOG; 09/22/2014 BOG; 11/24/2014 BOG; 3/23/2015 BOG; 12/18/15 myork; 1/25/2016 BOG; 11/16/16 vwagner; 11/28/2016 BOG; 2/7/17 vwagner; 03/27/2017 BOG; 07/23/2018 BOG; 9/18 vwagner; 09/24/2018 BOG; 05/20/2019 BOG; 11/16/2020 BOG; 03/16/2021 BOG; 05/17/2021 BOG

**Source:** Current Practice; *2021 Federal Poverty Income Guidelines*

**Authorized By:** Administration, Medical Staff, Board of Governors

**Units Primarily Affected:** All

