



## Rev Cycle - Charity Care Policy

Reference # 2762  
Version 10

### STATEMENT OF POLICY:

#### **Exceptional. Compassionate. Patient-Centered Care**

Peterson Regional Medical Center strives to benefit humanity through work in these three areas, while supporting the communities in which we live and work. As part of that commitment, PRMC appropriately serves patients in difficult financial circumstances and offers financial assistance to those who have an established need to receive medically necessary medical services.

### DEFINITIONS:

**Financial Assistance** - The cost of providing free or discounted care to individuals who cannot afford to pay, and for which PRMC ultimately does not expect payment. PRMC may determine inability to pay before or after medically necessary services are provided. This is also referred to as **Charity Care**.

**Bad debt** - The cost of providing care to persons who are able but unwilling to pay all or some portion of the medical bills for which they are responsible.

**Uninsured** - Those patients who do not have insurance coverage and cannot meet the deposit requirements, who require services but are unable to satisfy existing patient balances, or who request financial assistance will be screened to establish their eligibility for uncompensated care.

**Underinsured** - Those patients with insurance coverage unable to satisfy patient balances or request assistance will be screened to establish their eligibility for uncompensated care.

**Public Third Party Coverage** - Assistance will be provided to patients who qualify for one of the various entitlement programs when benefits have been exhausted or the program is without funds. This will be limited to programs where the reimbursement rates are mandated by the program and/or the contract.

**Examples** - Medicaid; Crippled Children's Department; Texas Rehabilitation; Commission for the Blind; Victims of Violent Crimes; CHIP; County Indigent Health Care Program.

**Medically Indigent Patient**: A person whose medical bills, after payment by any third-party, exceeds fifty percent of the person's annual gross income and is unable to satisfy patient balances.

### PROCEDURE:

Business Office staff is responsible for the following actions:



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It is the policy of Peterson Regional Medical Center (PRMC) to offer financial assistance to patients who are unable to pay their hospital bills due to difficult financial situations. PRMC Patient Access Specialist, designated Business Office Representative, or committee with authority to offer financial assistance will review individual cases and make a determination of financial assistance that may be offered.

PRMC determines the need for financial assistance by reviewing the particular services requested or received insurance coverage or other sources of payment, a person's historical financial profile and current financial situation. This method allows for a fair and accurate way to assist patients who are experiencing financial hardship. Partial and/or full charity care will be granted based on the individual's ability to pay the bill.

Eligible individuals include patients who do not have insurance and patients who have insurance but are underinsured. Patients must cooperate with any insurance claim submission and exhaust their insurance or potential insurance coverage before becoming eligible for financial assistance.

Other factors affecting eligibility are as follows:

- Income – Assuming that other financial resources are not identified as viable funding sources, the Federal Poverty Income Guidelines will be used in determining the adjustment amount. The Poverty Guidelines are updated annually each January.
- The minimum criteria for full (100 percent) charity adjustment will be 200 percent of the most recent Federal Poverty Income Guidelines.
- Individual circumstances under the PRMC charity policy may allow adjustments to patients with income levels over 200 percent of the Federal Poverty Guidelines, if they qualify for Medical Indigency.
  
- **Evaluation of Assets** - the patient's household savings, checking, investment assets, real property assets, and overall financial position will be considered.
- **Evaluation of the Patient's Monthly Expenses** - review of living expenses includes medical expenses, and other basic needs.
- **Nature of the Medical Condition or Care Required** - consideration of services unique to PRMC versus potential of local facilities providing care.
- **Considerations**
  - Any special circumstances that the patient would like PRMC to consider.
  - Eligibility is contingent upon patient cooperation with the application process, including Medicaid or Medical Assistance application completion where applicable, and submission of all information that PRMC deems necessary in order to determine the level of any financial assistance that may be considered.
  - Priority is given to requests for charity care of local and regional patients, and to care that is unique to PRMC

### Hospital Financial Assistance Programs



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Patients who are eligible for enrollment in a state public assistance program, like Texas Medicaid Healthcare Partnership, are deemed enrolled in a financial assistance program. For all patients that are enrolled in these state public assistance programs, the hospital may only bill those patients for the specific co-payment, co-insurance, or deductible that is outlined in the applicable state regulations and which may further be indicated on the state Medicaid Management Information System.

PRMC will seek a specified payment for those patients that do not qualify for enrollment in a Texas state public assistance program, such as out of state residents, but who may otherwise meet the general financial eligibility categories of state public assistance program. For these patients, the payment amount will be set at:

The hospital's Medicare rate or the average of its three best negotiated commercial rates, whichever is more (approximately 30% discount).

### **Populations Exempt from Collection Activities**

The following individuals and patient populations are exempt from any collection or billing procedures pursuant to state regulations and policies:

1. Patients enrolled in a public health insurance program, including but not limited to, Medicaid; Crippled Children's Department; Texas Rehabilitation; Commission for the Blind; Victims of Violent Crimes; CHIP; County Indigent Health Care Program.
2. The hospital may seek collection action against any patient enrolled in the above mentioned programs for their required co-payments and deductibles that are set forth by each specific program;
3. PRMC may also initiate billing or collection for a patient who alleges that he or she is a participant in a financial assistance program that covers the costs of the hospital services, but fails to provide proof of such participation. Upon receipt of satisfactory proof that a patient is a participant in a financial assistance program, (including receipt or verification of signed application) PRMC shall cease its billing or collection activities.
4. PRMC may continue collection action on any Low Income Patient for services rendered prior to the Low Income Patient determination, provided that the current Low Income Patient status has been terminated or expired, or not otherwise identified on the Eligibility Verification System. However, once a patient is determined eligible and enrolled in the Texas Medicaid, or certain Texas Care programs, PRMC hospital will cease collection activity for services provided prior to the beginning of their eligibility.
5. PRMC may seek collection action against any of the patients participating in the programs listed above for non-covered services that the patient has agreed to be responsible for, provided that the hospital obtained the patient's prior written consent to be billed for the service.

### **Measures to Publicize PRMC's Financial Assistance Policy**

PRMC is committed to offering financial assistance to eligible patients who do not have the ability to pay for their medical services in whole or in part. In order to accomplish this charitable goal, PRMC will widely publicize this Policy in the communities that the individual PRMC affiliated sites serve. PRMC affiliated sites will make a copy of this Policy available by posting it on their webpage including the ability to download a copy of the Policy free of charge. Individuals

in the community served will be able to obtain a copy of the Policy in the registration locations including but not limited to, the emergency department and all admissions throughout PRMC and in each PRMC affiliated site or upon request.

## **Procedure for Financial Assistance**

### **Identification of Patients Who May Be Eligible**

There are a number of ways a patient can be identified and evaluated for financial assistance prior to, during, or following care. Following is a non-exhaustive list of examples for identification prior to receiving services:

- Patients or their representatives may request financial assistance.
- PRMC employees may refer patients to a Patient Access Specialist or Business Office Representative.
- The hospital's third-party eligibility vendor may refer a patient to a Business Office Representative.
- Referring physicians may refer patients.
- Local government agencies may refer patients.

**Following services, patients can be referred for financial assistance in a number of ways. Following is a non-exhaustive list of examples:**

- Patients or their representatives may request financial assistance.
- PRMC employees may refer patients to a Patient Access Specialist or Business Office Representative.
- Collection agencies or attorneys may refer patients back to PRMC.
- The Business Office/Patient Access area may identify financial need through conversations with patients regarding billing and payment options.
- Referring physicians may refer patients.
- Local government agencies may refer patients.

### **Method of Applying for Financial Assistance**

Patients who want to apply for financial assistance or who have been identified as a potentially eligible for financial assistance will be informed of the application process either before receiving services if the facts suggest potential eligibility or after the billing and collection process has begun. Patients must be screened by the hospital's third-party eligibility vendor prior to completing a financial aid application. PRMC gives all patients a 120-day period for notification of the availability of our Financial Assistance Application upon the first post discharge statement of care. The application process may be waived or suspended due to medical necessity, including timing and urgency of care. Patients or their representative can obtain a financial assistance application by mail by contacting the Business Office at 830-258-7423, or downloading and printing the financial application at no charge from our website at [www.petersonhealth.com](http://www.petersonhealth.com).

All patients/guarantors who receive a Financial Aid Application must complete and return the application within ten (10) working days (unless the patient calls with a legitimate reason to extend the deadline), along with the following

documents that serve as the minimum information necessary to process an application for financial assistance. PRMC reserves the right to request additional documentation before finalizing a request for assistance:

- Proof of completion of Medical Assistance application process, as applicable
- Proof of household income (pay stubs for the past 30 days)
- A copy of 2 most recent bank statements from all banking or credit union institutions of the household
- A copy of the most recent tax return, including all schedules of patient, spouse, or any person who claims the patient as a tax dependent
- Full disclosure of claims and/or income from personal injury and/or accident related claims

A Business Office Representative will review all returned Financial Application for completeness. The Financial Counselor or business office representative will consult the Financial Assistance authorization guidelines and present the Financial Statement to the appropriate person/committee for consideration. Once a decision has been made for financial assistance, a letter is sent to each applicant advising them of the decision. Notification for pre-service financial assistance requests will be sent if time permits.

No information will be shared outside of PRMC unless authorized or required by law.

### **Basis for Calculating the Amounts Charged to Patients**

The amount that a patient is expected to pay and the amount of financial assistance offered depends on the patient's insurance coverage and income and assets as set forth in the eligibility section of this Policy. The Federal Income Poverty Guidelines will be used in determining the amount of the write off and the amount charged to patients, if any, after an adjustment.

Amounts charged for emergency and medically necessary medical services to patients eligible for Financial Assistance will not be more than the amount generally billed to individuals with insurance covering such care. The hospital's Medicare rate or the average of its three best negotiated commercial rates, whichever is more (approximately 30% discount).

### **Eligibility Criteria Considered for Financial Assistance**

The appropriate business office representative will review all circumstances surrounding the request. The PRMC entity will notify the patient about the decision in writing within 30 days after submitting a completed financial assistance request. A patient's request will be deemed complete after PRMC receives a complete financial assistance application, and all required documentation, including current pay stubs, income tax statements, and bank statements, if applicable.

PRMC will consider requests for charity medical care with priority given to local and regional patients, and care that is unique to PRMC. Local and regional patients do not require physician referral before applying for financial assistance. Patients from beyond the site's service area (generally the 5 counties where services are provided) will be reviewed on a case by case scenario for services that were emergent or urgent.

Delivery of charity care does not obligate PRMC to provide continuing care unless the services and support are unique to our organization. Patients may be required to re-apply for charity care at least every 90 days

PRMC requires compliance with the application process of appropriate service organizations that may provide coverage for care, such as Medicaid or Medical Assistance.

PRMC makes every reasonable attempt to collect from insurance companies and other third-party payers. Financial hardship and charity care adjustments may be considered for those patients whose income and assets will not allow full payment within a reasonable time. PRMC may also consider paying COBRA premiums for a limited period of time if a patient is approved to receive financial assistance. Factors that are considered include the patient's residency (local, region, national, international) and the availability of care outside the PRMC system. Assistance may consist of:

- Full adjustment of the self pay balance
- Alternate of extended payment options

PRMC may utilize a third-party to conduct an electronic review of patient information to assess financial need. This review utilizes a healthcare industry-recognized model that is based on public record databases.

PRMC locations reserve the right to reverse financial assistance adjustments and pursue appropriate reimbursement or collections. This may occur as a result of a variety of reasons, such as newly discovered information such as insurance coverage or pursuit of a personal injury claim related to the services in question.

1. Eligibility for financial assistance for uninsured and underinsured patients is based on federal poverty guidelines, income of the patient's household and personal assets. The two levels of financial assistance are:
  - a. **Level I** – 100% charity for uninsured individuals who qualify up to 200% of the Federal Poverty Income Level (FPIL). Level I charity care covers emergent services only.
    - i. Patient must be a resident of Kerr County or surrounding counties to be eligible.
    - ii. Upon receipt of a patient's completed financial assistance application, proof of income and all other required documentation Peterson Regional Medical Center will determine eligibility. Patients will receive written notification of eligibility determination within 30 days.
      1. Patients must be screened by Peterson Regional Medical Center's in house eligibility vendor to determine potential eligibility for any third party payer source. Any patient who does not comply with the screening or application process will automatically be denied for level I charity care.
    - iii. Approved applications will cover emergent services for a 90 day period beginning the date the application was approved. Eligible accounts will be adjusted at 100% of total charges.
    - iv. Application and all supporting documentation must be received within 240 days from the patient's first statement notification upon post discharge.
  - b. **Level II** – Charity discount for uninsured and underinsured individuals who do not meet the criteria for level I charity care but are unable to pay full billed charges at the time of service. These individuals will receive a presumptive eligibility charity discount to be based on the median income for Kerr County when payment in full is made prior to or on date of service. Level II charity care covers all medically necessary services.
    - i. Patient must be a resident of Kerr County or surrounding counties to be eligible.
    - ii. A financial assistance application is not required for level II charity care. Presumptive eligibility charity discounts will be applied as follows:
      - 1) Outpatient Lab services: Discount of up to 200% of Medicare rates
      - 2) Outpatient Radiology and Rehab services: Discount of up to 150% of Medicare rates
      - 3) All other Non Evasive Outpatient services: Discount of up to 200% of Medicare rates.
      - 4) Surgical Procedures: Discount of up to 200% of Medicare rates.

## **Reasons for Denial**

PRMC may deny a request for financial assistance for a variety of reasons including, but not limited to:

- Sufficient income
- Sufficient asset level
- Patient is uncooperative or unresponsive to reasonable efforts to work with the PRMC business Office
- Requests for care when there is no identifiable means of obtaining long-term support (e.g. medication or implantable devices) needed to sustain the initial successful outcomes of care
- Incomplete Financial Assistance application despite reasonable efforts to work with the patient
- Pending insurance or liability claim or any claim against a responsible party
- Withholding insurance payment and/or insurance settlement funds, including insurance payments sent to the patient to cover services provided by PRMC, and personal injury and/or accident related claims
- Does not cooperate with vendor.
- Misrepresentation on an application or questionnaire

## **Emergency Services**

PRMC's policy is to provide emergency care to stabilize patients, regardless of their ability to pay. Following medical evaluation, non-emergent patients requiring charity care consideration should be reviewed and approved before additional services are provided.

## **Equal Opportunity**

PRMC is committed to upholding the multiple federal and state laws that preclude discrimination on the basis of race, sex, age, religion, national origin, marital status, sexual orientation, disabilities, military service, or any other classification protected by federal, state or local laws.

PRMC will not consider: Bad debt, contractual allowances, perceived underpayments for operations, public programs, cases paid through a charitable contribution, professional courtesy discounts, community service or outreach programs, or employment status as a means to determine financial assistance.

## **Indigent Care**

Emergency room patients who cannot pay their bills may be reviewed and classified as "charity" if they do not have a job, mailing address, residence, or insurance. Consideration is also given to classifying emergency room only patients as charity if they do not provide adequate information as to their financial status. In many instances, these patients are homeless and have few resources to cover the cost of their care. These will be reviewed on a case by case basis.

## **Government Assistance**

In determining whether an individual qualifies for charity care, other county or governmental assistance programs will be considered. Many applicants are not aware that they may be eligible for public health insurance programs or have not pursued application.



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PRMC's third-party eligibility vendor will help the individual determine eligibility for governmental or other assistance, as appropriate.

Persons who are eligible for programs (such as State-sponsored Medicaid) but who were not covered at the time that medical services were provided may be granted financial assistance, provided that the patient is screened by the third-party eligibility vendor first and completes the application for government assistance. This may be prudent, especially if the patient requires ongoing services.

### **Collection Activity**

PRMC will not engage in extraordinary collection actions before it makes a reasonable effort to determine whether a patient is eligible for financial assistance under this Policy. PRMC will give at least 30 days prior written notice of intent to take on extra ordinary collection activities and include notice of our Financial Aid Application. Collection activity will proceed based on a separate Collection Policy.

If a collection agency identifies a patient as needing PRMC's financial assistance criteria and it is within the 240 day period of patient's first statement notification upon post discharge, the patient's account may be considered for financial assistance. Collection activity will be suspended on these accounts and PRMC will review the financial assistance application. If the entire account balance is adjusted, the account will be returned to PRMC.

### **Confidentiality**

PRMC will uphold the confidentiality and individual dignity of each patient. PRMC will meet all HIPAA requirements for handling personal health information.

### **Provisions**

1. Upon the intake of a patient or notice of discharge, PRMC will make available to all patients a copy of the plain language summary.
2. PRMC may also combine multiple episodes of care for the purpose of complying with the notification and reasonable efforts standard. However, if those episodes of care are combined, PRMC will take the most recent episode and use that as the new timeline of notice to the patient.
3. Financial Assistance will only be considered for Peterson Regional Medical Center, Peterson Ambulatory Care Center, Peterson Community Care Center, Peterson Home Health and Peterson Hospice bills only. This does not include any third party billing, including but not limited to, ER physician bills, Radiologist bills, Pathologist bills, Anesthesiologist bills, Hospitalist bills, Peterson Medical Associate bills, and/or Peterson Urgent Care Center bills.
4. If at any point Peterson Health finds the status of the applicant has changed, Peterson Health has the right to deny future charity or reverse charity adjusted accounts upon the date of status change.