

Memorial Health Center (Medford, WI)

Placement (all areas where can be found):
Departments Affected:

Operations Manual
Patient Financial Services and Finance

Policy: Financial Aid Discount Policy (Community Care)

PURPOSE

Makes provisions for the management of patients that are unable to pay all or part of essential services they receive.

PRINCIPLES

- Concern regarding a hospital bill should never get in the way of a patient receiving essential health services.
- Memorial Health Center is committed to provide financial assistance based on a patients' ability to contribute to the cost of his or her care.
- Financial aid policy will be considered in collection activities both internally and externally (legal and collection agencies).

DEFINITIONS

MHC defines income utilizing The Bureau of Census definition to include total annual cash receipts before taxes from all sources. Income includes wages and salaries before any deductions.

1. Net receipts from self-employment (both farm and non-farm).
2. Regular payments from Social Security, railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veterans' payments and public assistance (including aid to Families with Dependent Children, Supplemental Security Income, Emergency Assistance money payments, and non-federally funded general assistance or general relief money payments).
2. Training stipends.
3. Alimony.
4. Child support.
5. Military family allotments.
6. Other regular support from an absent family member or someone not living in the household.
7. Private pensions.
8. Government employee pensions (including military retirement pay).
9. Regular insurance or annuity payments.
10. College or university scholarships.
11. Grant fellowships and assistantships.
12. Dividends.
13. Interest.
14. Net rental income.
15. Net royalties.
16. Periodic receipts from estates or trusts.
17. Net gambling or lottery winnings.
18. Capital gains.
19. Any asset drawn down as withdrawals from a bank.
20. The sale of property, house or car.

21. Tax refunds.
22. Gifts and inheritance.
23. One-time insurance payments or compensation for injury.

Poverty Guidelines:

The poverty guidelines are a simplified version of the Federal Government's statistical poverty thresholds used by the Bureau of Census to prepare its statistical estimates of the number of persons and families in poverty. The poverty thresholds are used primarily for statistical purposes. However, the Department of Health and Human Services uses the thresholds for administrative purposes to determine whether a person or family is financially eligible for assistance or services under a particular federal program. Other programs, such as our Community Care, use the guidelines for the purpose of giving priority to lower-income persons or families in the provision of assistance or services. Our poverty guidelines are based on last (calendar) year's increase in prices as measured by the Consumer Price Index. The poverty guidelines are published in the Federal Register and are revised yearly.

POLICY

- I. Memorial Health Center (MHC) Community Care Program shall be administered in accordance with established eligibility criteria. No patient shall be denied based upon age, race, religion, creed, color, sex, pregnancy, national origin, disability, ancestry, arrest record, conviction record, marital status or sexual orientation.
- II. Eligibility Criteria
 - A. All patients with outstanding account balances after all payment options (e.g. Commercial Insurance, Medicare, Medical Assistance, Crime Victims, etc.) have been exhausted, may be eligible for Community Care. Whenever possible, the application must be filled out by the patient/guarantor.
 - B. Patients with balances \$200 and above must complete the full application process (Community Care Application (_____)). This must be completed by the patient/guarantor/billing staff member.
 - C. Patients may apply for Community Care in advance of certain scheduled procedures. However, the write-off will not occur until all other payers have paid.
 - D. All third party resources and non-MHC financial aid programs, including public assistance available through state Medicaid programs must be exhausted before Community Care can be requested.
 - E. The patient/guarantor, husband or wife, and dependents may not have property in excess of:
 1. Land and home with equity in excess of \$50,000 (financial statements and tax bills are required). Income producing land (e.g., dairy farm) is excluded from this equity calculation. MHC also has a sliding scale for equity exceptions that goes to \$100,000 based on where the patient falls within the poverty guidelines.
 2. Cash assets in excess of \$3,000 at the time of application. MHC also has a sliding scale for cash exceptions that goes to \$7,000 based on where the patient falls within the poverty guidelines. Specifically excluded from consideration are:
 1. IRA and Pension Plans, and
 2. Irrevocable Burial Trust Funds

- F. The patient/guarantor, husband or wife, and dependents and family may not have annualized family income greater than 300% of the poverty guideline set yearly by the Federal Government. Community Care will be a sliding scale for write-offs. Current poverty guidelines and community care sliding scale for write-offs is listed below.

The 2009 Poverty Guidelines are listed below. These are published at <http://aspe.hhs.gov/poverty>. The chart below represents 100% of the guidelines.

Family Size	Amount
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010

2009 Community Care Income sliding scale is below. The amounts indicated are a sliding scale going up to 300% of the Federal Poverty Guidelines.

<u>Percent of Poverty Guideline</u>	<u>Percent Write-off</u>	<u>Minimum Per Diem</u>
0% to 150%	100%	\$0
151% to 175%	75%	\$10
176% to 200%	50%	\$10
201% to 300%	25%	\$10

The per diem payment is the lowest amount owed per encounter. This can also be considered the co-pay amount per day.

- G. Person may not have transferred property within a period of two years of date of application, unless they received full market value for such property (financial statement will be required).
- H. Falsification of application or refusal to cooperate will result in denial of Community Care Benefits and reversal of any write-offs completed.
- I. MHC reserves the right to change community care determination if financial circumstances have changed.
- J. In accordance with the joint position of the Wisconsin Hospital Association, the Health Care Financial Management Association (Wisconsin Chapter) and the Wisconsin Medical Credit Association, the following uncollectible accounts will be classified as Community Care:
 1. Deceased with no assets, based on the reasoning that the decedent has no ability to pay. If a partial payment is received, the remainder of the bill will be classified as Community Care.

2. If unable to locate a family member to fill out the application, MHC staff will fill out the application. Community Care Coordinator will attach a credit report, contact patient's resident county to see if patient owned any property, and will check with the State of Wisconsin to verify the deceased was not covered by Medical Assistance.
3. Accounts returned by the collection agency that would qualify as community care will be reclassified to Community Care – Collection Agency Determination.

III. Exclusions

- A. Community Care generally excludes care found to be unnecessary (cosmetic), or disallowed by government or third party payers and procedures considered experimental or cosmetic in nature. The following are specific to application of Community Care processing. This is not an all-inclusive list and is subject to addition/deletion.

Services generally excluded from coverage under commercial insurance indemnity plans.

1. Cosmetic services.
2. Physicals outside of recommended AMA guidelines
 1. INS and FAA Physicals
 2. Depo-Provera Contraceptive
 3. All charges related to IUD contraception
 4. Vasectomies and tubal ligations unless medically necessary
 5. Mole or wart removal unless medically necessary
 6. Dermatology services found to be cosmetic or not medically necessary
 7. Tattoo removal
 8. Tubal reversal
 9. Impotency or fertility services
10. Company management has the discretion of setting limits on the duration of monthly rentals under the community care program. Generally, this would not be less than two months. Management will notify Patient Financial Services/CBO when this applies.
11. Other services not deemed as medically necessary.

- IV. MHC may allow exceptions to the above policy, which will allow additional persons to be eligible for uncompensated services. Excessive medical expenses, or other expenses beyond the control of the patient/guarantor would represent acceptable criteria for exceptions to this policy. Such criteria are considered, when in the view of management, payment and/or a deferred payment plan would result in a financial hardship.

- A. Accounts listed with an outside collection agency will be considered for Community Care.
- B. Due to exceptions and exclusions patients may have accounts that MHC pursues payment on while writing off other accounts.

PROCEDURE

- I. Patients can apply prior, during or after treatment. Identification prior to service being provided is preferred but is not possible in many situations. i.e. Emergency care, urgent care or night/weekends.

- A. The form may be completed during a pre-registration telephone conversation/visit with the patient/guarantor. The form would be signed at the time of admission and supporting documentation attached.
- B. The form may be mailed to the patient/guarantor who will complete, sign and return the form with supporting documentation.
- C. The patient/guarantor may come in to MHC Cashier Office to complete the form.
- D. Account notes should be made to show the status of application and whether approved or denied.

II. Application Requirements

- A. The application must contain complete and accurate information.
- B. Income verification is required.
 - 1. Copies of previous three (3) pay stubs or a letter from employer(s) indicating all income for the previous three (3) months for all individuals responsible for payment.
 - 2. Copy of most recent federal income tax return,
 - 3. If applicant is on Social Security and/or receiving a pension, a copy of the last check, or a copy of the benefit award letter from the Social Security Administration is required, and
 - 4. Copies of statements from saving and checking accounts, certificates of deposit, stocks and bonds.
- C. Number of exemptions as determined by federal income tax law.

III. Program Administration:

The Community Care Program will be administered according to the following guidelines:

- A. The application information, along with a copy of the most recent Federal income tax return will be reviewed and verified by the Community Care Coordinator personnel. Included in this process for all applications is checking with the Medical Assistance website.
- B. If the amount to be charged off to the Community Care Program exceeds \$3,000, a credit report and a property check will be done by the Patient Financial Services personnel.
- C. After reviewing the application, the Community Care personnel will determine if the patient/guarantor qualifies for benefits based on the supporting documentation.
- D. For amounts to be charged off to the Community Care Program up to \$25,000, review and approval by the MHC Vice President of Finance/CFO will be required.
- E. If the amount to be charged off to the Community Care Program exceeds

\$25,000, review and approval by MHC's Chief Executive Officer will be required.

- F. Approved applications will be charged off per established procedures by the PFS/CBO personnel or clinic personnel.
- G. The patient/guarantor will be notified in writing within ten (10) days of the decision.
- H. Providing the patient's finances have not changed, an approval will be valid for six months from the original approval date. Applications can be reviewed and updated within the six months period to verify this.
- I. Any third party payments received after the account has been written off to Community Care will be applied to the account and the write off will be reversed.
- J. MHC will retain Community Care applications for seven years.

REFERENCES

Aspirus Wausau Hospital Policy **07-84-73**

Author (name, title, department): Lori Peck, Vice President, Finance

Approval Signatures:

Lori Peck, VP of Finance

Gregg Olson, CEO

Date Initiated: 3/09

Date Reviewed/Revised: