

SUBJECT: FINANCIAL ASSISTANCE

I. POLICY:

Mercy Hospital, Inc. is committed to providing financial assistance to persons who have healthcare needs and are uninsured, underinsured, ineligible for a government program or otherwise unable to pay for emergency and medically necessary care based on their individual financial situation. Mercy Hospital, Inc. strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care.

- A. Mercy Hospital's Financial Assistance Program considers and individual's personal household income and is based on the Federal Poverty Level (FPL) and updated annually (Included as Appendix B)
- B. Financial assistance is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with Mercy Hospital's procedures for obtaining financial assistance or other forms of payment and to contribute to the cost of their care base on their individual ability to pay.
- C. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to health care services, for their overall personal health and for the protection of their individual assets.
- D. Financial Assistance is secondary to all other financial resources available to the patient, and shall only be available once all other payers and resources have been considered.
- E. Financial assistance will not be applicable to patient-elected services. Examples of patient elected services include: Respite care and self-referred testing.

Financial assistance will not be applicable to services provided by providers that are not employed by the Hospital. The primary physician group serving all Hospital patients is Partners in Family Care. The Physician charges are billed by Partners in Family Care separately from the charges for the Hospital Facility. Partners in Family Care is not bound by this policy and any payment arrangements or discounts for their charges will need to be negotiated directly with them. A more complete listing of providers covered and not-covered under this financial assistance policy is offered as Appendix C to this policy.

In order to manage its resources responsibly and to allow Mercy Hospital, Inc. to provide the appropriate level of assistance to the greatest number of persons in need, the Board of Directors established the following guidelines for the provision of patient financial assistance.

DEFINITIONS:

For the purpose of this policy the terms below are defined as follows:

Charges:

Amounts billed to the patient, the patient's guarantor, or the insurance payer, for services provided by the hospital. The basis for calculating charges is the Mercy Hospital, Inc. Charge Master.

Contractual Allowance:

The amount of its standard charge master rate which Mercy Hospital adjusts off of the account due to the charge amount exceeding the allowed rate according to the specific payer in question. Such amounts are not the responsibility of the patient, unless expressly indicated in the payer's contractual agreement with the hospital.

Discounted Cash Price:

The amount established for a service in the Mercy Hospital charge master, when the patient is un-insured or "true self-pay." This amount may not be separately established for every hospital service, in which case the standard chargemaster amount will apply.

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>

Financial Assistance:

Healthcare services that have or will be provided but are never expected to result in cash inflows. Financial assistance results from a provider's policy to provide healthcare services free or at a discount to individuals who meet the established criteria.

Family:

Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage or adoption. According to Internal Revenue Service rules, if the patient claims someone as a dependent on their income tax return, they may be considered a dependant for purposes of the provision of financial assistance.

Family Income:

Family income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines:

- Includes earnings, unemployment compensation, workers' compensation, social security, supplemental security income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household and other miscellaneous sources;

- Non-cash benefits (such as food stamps and housing subsidies) do not count;
- Determined on a before-tax basis;
- Excludes capital gains or losses; and
- If a person lives with a family, includes the income of all family members. (Non-relatives, such as house-mates, do not count.)

Guarantor:

Refers to the person financially responsible for a patient's account balance(s).

Medically Necessary Services:

Inpatient or outpatient healthcare services provided for the purpose of evaluation, diagnoses, and/or treatment of an injury, illness, disease or its symptoms, which if left untreated would pose a threat to the patient's ongoing health status.

Out-of-Network Charges:

A separately-established amount that may billed to a patient or their insurance when the insurance company does not have an existing contractual agreement with the specific provider or provider location. Mercy Hospital does not establish such rates and bills all insurance payers the same amounts.

Self-Pay Discount:

The amount will be deducted from the bill in a situation where the patient is determined at some point after the date-of-service to not have insurance coverage, and when the standard charge master rate was initially used. This adjustment will correct the amount billed so that the charges for applicable services are equal to the Discounted Cash Price (see definition above).

Uninsured:

The patient has no level of insurance or third-party assistance to assist with meeting his/her payment obligations. Also known as "True Self-Pay."

Underinsured:

The patient has some level of insurance of third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.

II. PROCEDURE:

A. Services Eligible Under This Policy:

1. For purposes of this policy, "financial assistance" refers to healthcare services provided without charge to qualifying patients. The following healthcare services are eligible for financial assistance:
 - i. Emergency medical services provided in an emergency room setting;

- ii. Services for a condition which if not promptly treated would lead to an adverse change in the health status of an individual;
 - iii. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting; and
 - iv. Medically necessary services, evaluated on a case-by-case basis at Mercy Hospital's discretion.
2. Charges for services provided to a patient covered by Medicaid or another indigent program, which are determined to be non-covered by the payer, shall be "contractual allowance" and the patient will not be responsible for such charges.
3. Patients exceeding the allowed length of stay under Medicaid (or other indigent programs) or who have exhausted their insurance benefits will be responsible for such charges on their account. These amounts are expressly covered under this Financial Assistance Policy, if all other eligibility criteria are met.
4. Any otherwise-eligible service provided to an uninsured or self-pay patient shall be subject to the Self-Pay Discount or Discounted Cash Price, if such a rate has been separately established, prior to the charges being considered for charity care under the Financial Assistance Policy. The patient will not be responsible for such amounts adjusted under this discount policy.
5. Mercy Hospital bills the same rate to all the various insurance coverages, regardless of if the hospital has a contractual relationship with such a payer. All insured patients shall be charged the same amounts, and all such charges, if considered coinsurance amounts, deductibles, or co-pays, are eligible for charity care consideration under this financial assistance policy.

B. Eligibility for Financial Assistance:

Eligibility for financial assistance will be considered for those individuals who are uninsured, underinsured, ineligible for any government healthcare benefit program and who are unable to pay for their care, based upon a determination of financial need in accordance with this policy.

The determination of financial assistance shall be provided consistently to all patients based on an individualized determination of financial need, regardless of age, gender, race, social or immigration status, sexual orientation or religious affiliation.

C. Determination of Financial Need:

1. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and may:
 - i. Include an application process in which the patient or patient's guarantor are required to cooperate and supply

- personal, financial and other information and documentation relevant to making a determination of financial need;
- ii. Include reasonable efforts by Mercy Hospital, Inc. to explore appropriate alternative sources of payment and coverage from public and private payment programs and to assist patients to apply for such programs;
 - iii. Take into account the patient's available assets and all other financial resources available to the patient; and
 - iv. Include a review of the patient's outstanding accounts receivable for prior services rendered and the patient's payment history.
2. It is preferred but not required that a request for financial assistance and a determination of financial need occurs prior to rendering of services. However, the determination may be done at any point in the collection cycle.
 3. The need for payment assistance shall be re-evaluated at each subsequent time of service if the last financial evaluation was completed more than a year prior, or at any time additional information relevant to the eligibility of the patient for financial assistance becomes known.
 4. Mercy Hospital's values of human dignity and stewardship shall be reflected in the application process, financial need determination and granting of financial assistance.
 5. Requests for financial assistance shall be processed promptly and Mercy Hospital, Inc. shall notify the patient or applicant in writing within 30 days of receipt of a completed application.

D. Presumptive Financial Assistance Eligibility:

There are instances when a patient may appear eligible for financial assistance but there is no financial assistance form on file due to a lack of supporting documentation. Often there is adequate information provided by the patient or through other sources which could provide sufficient evidence to provide the patient with financial assistance.

1. In the event there is no evidence to support a patient's eligibility for financial assistance, Mercy Hospital, Inc. could use outside agencies in determining estimate income amounts for the basis of determining financial assistance eligibility and potential discount amounts.
2. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted is a 100% write off of the account balance. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:
 - i. State-funded prescription programs;
 - ii. Homeless or received care from a homeless clinic;

- iii. Participation in Women, Infants, and Children programs (WIC);
- iv. Food stamp eligibility;
- v. Subsidized school lunch program eligibility;
- vi. Eligibility for other state or local assistance programs that are unfunded (e.g. Medicaid spend-down);
- vii. Low income/subsidized housing is provided as a valid address; and
- viii. Patient is deceased with no known estate.

E. Patient Financial Assistance Guidelines:

1. Services eligible under this policy will be subject to the Attachment B: Financial Assistance Guidelines, as determined in the reference to the Federal Poverty Levels (FPL) in effect at the time of the determination. Any patient or guarantor who can reasonably demonstrate that their household income falls below 200% of the current FPL shall receive 100% financial assistance, and shall not be personally responsible for any portion the billed amount.
2. No person eligible for financial assistance under this policy will be charged more for emergency or medically-necessary care than amounts generally billed (AGB) to individuals who have insurance coverage for such care.
3. **Mercy Hospital uses the prospective Medicare method to determine the amounts generally billed.**
4. Mercy Hospital has established the following chain of authority for granting financial assistance determinations, based on outstanding patient balance at the time of the determination:

\$0 - \$1500	Business Office Manager
\$1500 - \$5000	CFO
\$5000 - \$10,000	Administrator
\$10,000+	Board of Directors

F. Communication of The Financial Assistance Program to Patients and The Public:

1. Notification about financial assistance available from Mercy Hospital, Inc., which shall include a contact number, shall be disseminated by Mercy Hospital, Inc. by various means, which may include, but are not limited to:
 - i. The publication of notices in patient bills and by

- ii. posting notices in emergency rooms, registration, patient financial services and at other public places as Mercy Hospital, Inc. may elect.
2. Information shall also be included on the facility web site and in the Conditions of Admission form.
3. Referral of patients for financial assistance may be made by any member of the Mercy Hospital, Inc. staff or medical staff, including physicians, nurses, financial services staff, social worker and case manager.
4. A request for financial assistance may be made by the patient or a family member, close friend or associate of the patient, subject to applicable privacy laws.

G. Relationship to Collection Policies:

1. Mercy Hospital, Inc. management shall develop policies and procedures for internal and external collection practices that take into account the extent to which the patient qualifies for financial assistance, a patient's good faith effort to apply for a governmental program or for financial assistance from Mercy Hospital, Inc. and a patient's good faith effort to comply with his or her payment agreement with Mercy Hospital, Inc.
2. For patients who qualify for financial assistance and who are cooperating in good faith to resolve their hospital bills, Mercy Hospital, Inc. may offer extended payment plans to eligible patients, will not impose wage garnishments or liens on primary residences, will not send unpaid bills to outside collection agencies and will cease all collection efforts.
3. Mercy Hospital's accounting and business office uses separate codes within the General Ledger system to distinguish between accounts written off to bad-debt as uncollectible and those provided Charity Care under this Financial Assistance Policy. This should avoid duplicate allowance of such accounts and the corresponding confusion.
4. Records of which accounts are held under Charity Care or Bad Debt are maintained by the CFO.
5. Amounts from deductibles or co-insurance reported on the Medicare Cost Report as Medicare Bad Debt, are maintained as "Bad Debt" within the hospital's books (uncollectible) and use the corresponding accounting code. Such accounts are not separately- eligible for Charity Care, and shall not be reported as Financial Assistance.

III. REGULATORY REQUIREMENTS:

In implementing this policy, Mercy Hospital, Inc. management and facilities shall comply with all other federal, state and local laws, rules and regulations that may apply to activities conducted pursuant to the policy.

IV. TRANSLATIONS:

This policy and all accompanying documentation and forms have been made available in the following languages, based on the population of Mercy Hospital's service area:

- Spanish

Cross References:

Attachment A: Financial Assistance Application
Attachment B: Financial Assistance Guidelines
Attachment C: Covered and Non-Covered Provider List