

LEGACY HEALTH

ADMINISTRATIVE

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SECTION: FINANCE
TITLE: FINANCIAL ASSISTANCE (CHARITY CARE)

PURPOSE

In keeping with Legacy Health's (Legacy) mission it is considered not only necessary but also appropriate to make adjustments to patient care charges under certain circumstances. It is not the intent of this policy to restrict this practice, but rather to establish clear guidelines by which to accomplish this task.

OBJECTIVES

1. To establish the procedures through which the Financial Assistance Program will be facilitated, including how Financial Assistance decisions will be made, how adjustments will be reported, and who will be authorized to make decisions regarding exceptions.
2. The provision of medically necessary healthcare should never be delayed based on a patient's ability to pay.

POLICY

1. Definitions:

- a. Financial Assistance: Financial Assistance is defined as the forgiveness of charges on an account for Medically Necessary Services provided to patients who are unable to pay for care provided in a Legacy hospital. A list by individual providers who may not be covered under our policy is available at www.legacyhealth.org.
- b. Medically Necessary Services: "Medically Necessary" refers to, emergency, in-patient, or out-patient healthcare services provided by Legacy Health for the purpose of evaluation, diagnosis, or treatment of an injury or illness, if left untreated, would pose a threat to the patient's health status. Services must be clinically appropriate and within generally accepted medical practice standards. The services provided must represent the most appropriate and cost-effective supply, device, or service that can be safely provided and readily available at a Legacy facility. Excluded from Medically Necessary Services are health care services that are cosmetic, experimental, or part of a clinical research program; private and/or non-Legacy medical or physician professional fees; services and/or treatments not provided at a Legacy hospital.
- c. Family Income: All pre-tax income, of a group of two or more persons related by birth, marriage, civil union, or adoption who live together, including the following: earnings, unemployment compensation, worker's compensation, social security, supplemental security income, public assistance, veteran's payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, alimony and child support.
- d. Qualified Assets: The amount determined by calculating one-quarter of the amount that remains after \$75,000 is deducted from the total value of a patient's Household Assets (defined below).
Qualified Assets = [Household Assets - \$75,000] x 0.25. Qualified Assets are evaluated only when a patient's Family Income exceeds 200% of the established Federal Poverty Level (FPL).

For purposes of the Qualified Asset calculation, Household Assets include:

- Equity in real estate other than the primary residence;
- Cash value of stocks, bonds, treasury bills, certificates of deposit, and money market accounts

- Lump sum or one-time receipts of funds, such as inheritances, lottery winnings, insurance settlements.
- e. Amount General Billed: The amount generally paid by insurance payers for services provided. Legacy calculates Amount Generally Billed by using the “look-back method,” which uses claims sent to Medicare and commercial insurers over the past year to determine the percentage of total charges that is typically allowed by these insurers.
2. **Process**:
- a. Communication:
Legacy will make sure information regarding Financial Assistance information is given to our patients at the time care is given and before billing begins. Multiple methods of communication used are listed below:
- Signage in main admitting areas of each hospital (in multiple languages);
 - Brochures explaining Financial Assistance shall be made available in all patient care areas (in multiple languages);
 - One-page Financial Assistance quick sheet (health literate version)
 - Billing statements will include information regarding the availability of Financial Assistance
 - Legacy’s website will contain information regarding the availability of Financial Assistance
 - Legacy will offer Financial Assistance customer service Monday through Friday with voice mail
 - Financial Counselors will be available at each Legacy hospital to assist patients in understanding and applying for available resources, including the Legacy Financial Assistance Program;
 - Annual education will be provided to all Legacy billing staff and admitting staff. All Legacy employees will be kept informed of Financial Assistance policies and options through newsletters and other handouts;
 - Legacy will make copies of this policy available in main admitting areas of each Legacy hospital
 - Legacy will require every collection agency that accounts are sent to, provide a telephone number a patient can call to request Financial Assistance.
- b. Eligibility:
Patients who are eligible the date the Medically Necessary Services are given, for entitlement-based coverage (such as Medicaid, Veterans Affairs, or injury settlements), but who choose not to enroll in coverage or cooperate with Legacy team members attempting to assist with the enrollment or claims process that may have paid for Medically Necessary Services may not be eligible for Financial Assistance.
- 1) To establish eligibility for Financial Assistance, a patient must complete Legacy’s Financial Assistance Application. They must also provide all required documentation that shows the patient’s Family Income (and/or Qualified Assets, if applicable) is equal to or below 400% of the Federal Poverty Level (FPL).
 - Legacy maintains a copy of the Annual Federal Poverty Guidelines published by the Department of Health and Human Services. A copy can be found on the Legacy Health website, or patients may request FPL information by calling customer service.
 - 2) If Family Income exceeds 200% of the FPL, Legacy will include a patient’s Qualified Assets to determine whether a patient is eligible for Financial Assistance.
 - 3) Family Income and Qualified Assets, as applicable, are determined as of the date Medically Necessary Services are given. Legacy will re-evaluate Financial Assistance eligibility determination in cases where a patient experiences a significant change to his/her Family Income or Qualified Assets, as applicable.
 - 4) Legacy may consider other situations when determining Financial Assistance eligibility, including the following:

- If a patient’s combined medical bills are greater than the patient’s yearly Family Income, the patient may be eligible for additional Financial Assistance, depending on the situation and consistent with Legacy’s mission; or
 - If the patient receives a catastrophic event/diagnosis, the patient may be eligible for additional Financial Assistance, depending on the situation and consistent with Legacy’s mission;
- 5) Legacy may determine a patient’s eligibility for Financial Assistance without a Financial Assistance Application and/or Proof of Income, at Legacy’s discretion, in cases where:
- A third party ability to pay assessment (“Preliminary Screening”) indicates a patient will be unable to pay his/her medical bills.
 - A patient says they are homeless and Preliminary Screening indicates eligibility.
 - A patient is or becomes eligible for Medicaid or as a Qualified Medicare Beneficiary within 60 days of receiving Medical Necessary Service.
- c. Determining Discounts:
- 1) Legacy will not charge patients who are eligible for Financial Assistance more for Medically Necessary Services than the Amounts Generally Billed to patients who have insurance coverage.
 - 2) All discounts and adjustments are applied to Legacy’s gross charges.
 - 3) Financial Assistance is secondary to all other financial resources available to the patient including insurance, government programs, health savings accounts (HSA/HRA/FSA), community or faith-based collaboratives, third party liability, and Qualified Assets.
- d. Legacy will provide uninsured hospital patients who receive Medically Necessary Services with a 35% discount from Legacy’s gross charges as long as the patient has no coverage at the time of service. Application of the uninsured discount does not prevent a patient from applying and qualifying for additional Financial Assistance. The adjustment to the patient’s balance will automatically post upon documentation of patient’s eligibility for the Uninsured Discount.
- e. Full Financial Assistance will be provided to a patient/guarantor with household income \leq 300% of Federal Poverty Guidelines. A patient/guarantor will be given partial Financial Assistance based on his/her income level up to 400% of Federal Poverty Guidelines based on the sliding scale schedule below:

<u>Financial Assistance SlidingScale</u>	
Income as a Percentage of Federal Poverty Level	Financial Assistance Adjustment Percent
<u>0-300%</u> <u>301-350%</u> <u>351-400%</u>	<u>100%</u> <u>75%</u> <u>55%</u>

f. Financial Assistance Application Process:

- 1) All patients who receive Medically Necessary Services may apply for Financial Assistance.
- 2) Patients may apply for Financial Assistance at the time of service, or at any time in the billing process.
- 3) Patients may access the Financial Assistance Application and all required documentation at the following locations:
 - Main Admitting areas of each Hospital
 - Hospital Emergency Department
 - Hospital Financial Counselor-on site office
 - Customer Service (503) 413-4048 – Hospital
 - Customer Service (503) 413-3900 – Clinic
 - Customer Service (503) 413-4420 – Lab
 - Legacy Health website
- 4) A person seeking Financial Assistance will be given a preliminary screening. As part of the preliminary screening Legacy will review whether the patient has exhausted or is eligible for any third-party payment sources.
- 5) If this preliminary screening clearly indicates eligibility, Financial Assistance may be granted without completion of a Financial Assistance Application and /or Proof of Income.
- 6) If the preliminary screening indicates a patient may be eligible for Financial Assistance, the patient will be given thirty (30) days to provide proper documents to Legacy. Based on documentation provided and the Financial Assistance Application, Legacy will determine if more information is required, or whether a Financial Assistance eligibility determination can be made.
- 7) If the preliminary screening does not indicate eligibility for Financial Assistance, and the patient does not complete a Financial Assistance Application, or provide the required supporting documentation, Legacy will be unable to extend Financial Assistance.
- 8) Regardless of the results of the preliminary screening, patients may complete a Financial Assistance Application, and Legacy will process the application.
- 9) Legacy will notify the patient of a final decision of eligibility, within fourteen (14) business days, upon receipt of the necessary documentation.
- 10) A patient may appeal a decision of ineligibility for Financial Assistance by providing relevant additional documentation to Legacy within thirty (30) days of receipt of the notice of ineligibility. All appeals will be reviewed and if the determination on appeal affirms ineligibility, written notification will be sent to the patient and the Department of Health (when applicable), in accordance with state law. The final appeal process will conclude within thirty (30) days of the patient's receipt of an ineligibility determination. If the patient's situation changes at any time up until a judgment is received, they may reapply for Financial Assistance.

g. Actions in the Event of Non-Payment:

- 1) Legacy does not conduct, or permit collection agencies to conduct on its behalf, extraordinary collection actions against individuals before reasonable efforts have been made to determine whether the patient is eligible for Financial Assistance.
- 2) Legacy will send at least four (4) statements to the patient, which informs the patient of the amount due, and how to complete a Financial Assistance Application. Legacy will make an attempt to contact the patient by telephone at the number provided by the patient (if any) to inform the patient of the amount due, and how to complete a Financial Assistance Application.

- 3) A patient who is making timely payments on all agreed-upon installment arrangements for payment of health care services will not be charged interest on outstanding balances, prior to collections.
- 4) If there is a balance owing after Financial Assistance eligibility determination and the patient does not comply with agreed-upon payment arrangements, Legacy will make two attempts to provide the patient with notice by mail and/or telephone. If the patient's financial situation has changed, the patient will be given an opportunity to work out new payment arrangements.
- 5) If the patient does not make payment arrangements, or if the patient fails to comply with any payment arrangements made, Legacy may refer the outstanding account balance to a collection agency.
- 6) Legacy will limit annual collection of the amount owing after the Financial Assistance is calculated to 20% of the patient's annualized Family Income, except where the patient's Family Income is in excess of 100% of the FPL and the patient possesses Qualified Assets.
- 7) Following reasonable collection efforts and at least 120 days have elapsed following the initial billing statement, and upon approval by Legacy's Billing department, Legacy and/or its collection agencies may engage in routine collection practices including but not limited to reporting to credit bureaus, filing voluntary liens, garnishing wages, and taking legal action to collect balances owing.
- 8) Legacy may choose to apply additional Financial Assistance to past due accounts when independent and/or additional sources indicate an inability to pay.
- 9) In the event a patient or responsible party pays a portion or all of a patient's balance later found to qualify for Financial Assistance, Legacy will attempt to refund those amounts within 30 days from the date it is determined a refund is owed, if this occurs prior to collections or final judgment.
- 10) Legacy will suspend any and all collection actions if a Financial Assistance Application is received at any point prior to the receipt of a final judgment in a lawsuit.

Approvals: Operations Council
 Board Finance Committee
 LH Board

Originator: VP – Revenue Cycle