Financial Assistance Program

Henry Mayo Newhall Hospital

Patient Financial Services
Departmental Policy & Procedure
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Financial Assistance Program			
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Approved by:	Ted Sirotta, Sr. VP, Chief Financial Officer		

PURPOSE

To establish a financial assistance program (FAP) and to ensure that patients and the community at large:

- Are aware that financial assistance is available
- Receive reasonable assistance with the application process; and
- Have the ability to search Shoppable Services on the hospital website:

  https://www.cdmpricing.com/fc339dd35c58584a4313b267cb170a7d/

This policy shall apply to Henry Mayo Newhall Hospital, and any of its majority-owned not-for-profit entities (collectively referred to as “HMNH”). The policy shall also be provided to and apply to any contracted service that performs billing on behalf of HMNH.

In accordance with federal and state laws and regulations, provide financial assistance to patients who may not have sufficient financial resources to pay for services.

DEFINITIONS

- *AGB* - Amounts Generally Billed is the maximum amount that can be collected from patients that qualify for financial assistance or as otherwise allowed under this policy, expressed as a percent of Gross Charges.
- *Charity Care* - Free care provided when the patient is not expected to pay the patient's payment obligation for items and services provided by HMNH.

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- *Discount Payment* – Any charge for care that is reduced, but not free.
- *Essential Living Expenses* – Expenses for any of the following: rent or house payments and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.
- *Extended Payment Plan* or *EPP* – A plan negotiated between a patient and HMNH to allow payment of a discounted price over time.
- *Family* - Family is defined as:
  For persons 18 years of age and older, spouse, domestic partner, dependent children under 21 years of age, or any age if disabled, whether living at home or not, and
  For persons under 18 years of age, or for a dependent child 18 to 20 years of age, inclusive, parent, caretaker relatives, parents or care taker relatives' other dependent children under 21 years or any age if disabled.
- *Federal Poverty Level (FPL)* – the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under its statutory authority. The thresholds for the current and prior years can be obtained from the following website: https://aspe.hhs.gov/poverty-guidelines.
- *Financial Assistance* – Charity Care or Discounted Payment granted pursuant to this policy.
- *Gross Charge* - An established price, listed on HMNH's charge master, for a service or item that is charged consistently and uniformly to all patients before applying any contractual allowances, discounts or deductions.
- *Income* - Income includes salary and wages, interest income, dividend income, workers compensation, disability payments, unemployment compensation, business income, farm income, rentals and royalties, inheritance, strike benefits, and alimony payments. Income is also defined as payments from the state for legal guardianship or custody.
- *Medically Unnecessary* - services performed within the hospital for which either the provider who referred the patient for the hospital services or the

supervising health care provider for the hospital services attests that the hospital services were not medically necessary.

- *Uninsured* - A patient who does not have third party coverage from a health insurance plan, Medicare or state funded Medicaid, or whose injury is not a compensated injury for purposes of workers compensation, automobile insurance or other insurance or other source as determined and documented by HMNH.

SCOPE

Financial Assistance may be granted to patients to assist with outstanding balances owed to HMNH, including Medicare and commercial cost-sharing amounts. Medi-Cal share of cost is not eligible for Charity Care or Discounted Care.

The following services are excluded as ineligible for the application of Financial Assistance under this Policy, except as required by law:

- Purchases from ECH retail operations, such as gift shops & cafeteria;
- Physician services;
- Services that are Medically Unnecessary.

Emergency physicians who provide emergency medical services at HMNH are also required by law to provide discounts to uninsured patients or patients with high medical costs who are at or below 400% of the FPL. The HMNH FAP does not include professional services provided by our medical staff.

A list of HMNH physicians is available at https://www.henrymayo.com/physicians/.

PROCEDURE

Communication of Financial Assistance Policy to the Public

HMNH makes information about its Financial Assistance Policy and Application available through numerous means in compliance with applicable state and federal laws and regulations. Information about this Policy is available on HMNH's website home page and on any website where the patient pays a bill or accesses information about the patient's account, posted in hospital areas that are accessible to the public, such as the emergency department, included in writing on each billing statement, and by plain language summaries provided in writing to all patients. Hospital personnel shall direct patients, guardians, or family members who request

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Financial Assistance or information about Financial Assistance, or who the hospital personnel believe may be eligible for Financial Assistance to any hospital registration area or by phone to (661) 200-1117 to receive a paper copy of this Policy and an application form. HMNH shall translate financial assistance program documents, including the full financial assistance policy and applications, into Spanish, as well as any other language that is the primary language of the lesser of 1,000 people or 5% of HMNH's patients, and shall ensure that accessibility by interpretation or alternative formats to ensure access for limited English proficient and disabled individuals.

HMNH will be responsive to patient inquiries and offer the assistance of a financial counselor if requested. If a patient provides HMNH with his or her contact information in connection with a financial assistance application, HMNH will follow up with the patient to encourage the patient to complete the application in full.

Good Faith Estimates

To assist patients in determining HMNH pricing, HMNH has provided a pricing estimate tool that can be located at Henry Mayo Newhall Hospital (patientsimple.com)

Any patient without health coverage shall be provided with a written estimate of the amount HMNH will require the patient to pay for health care services, procedures, and supplies that are reasonably expected to be provided to the patient by HMNH, based upon the average length of stay and services provided for the patient's diagnosis. This estimate may be provided during normal business hours. In addition to the estimate, the patient shall be provided information about HMNH's financial assistance policy and Financial Counselor contact information to obtain further information about this policy. This written estimate requirement does not apply to ER patients.

Application Process

Generally, the determination that a patient stay qualifies for Financial Assistance will be made upon pre-admission, admission or as soon as possible thereafter. A financial counselor is available to assist patients with settlement of their accounts including applications for Financial Assistance, government-sponsored programs and referral to outside resources. However, in some cases qualification for financial assistance may be made after rendering services and in some circumstances, even after rendering of the bill. Collection efforts, including the use of a collection agency, are part of the information collection process and can appropriately result in identification of eligibility for Financial Assistance.

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To be considered for Financial Assistance under this policy (other than presumptive eligibility), a patient or guarantor must submit a true, accurate, and complete confidential Financial Assistance Application in person or by mail. The Financial Assistance Application must be completed in writing and may be completed by or with the assistance of a staff or management member of the Patient Financial Services Department. The Financial Assistance Application must be signed by the patient or the patient's legal representative and accompanied with the following documentation:

- Recent pay stubs from within the 6 months before or after the patient is first billed (or in preservice when Application is submitted) **or**

- Copy of Federal Income Tax Return (Form 1040) for patient and spouse or domestic partner from the year the patient was first billed or 12 months prior to when the patient was first billed

If the patient is seeking a reduction of the Medicare cost sharing, HMNH may require documentation of the patient's monetary assets to the extent required for HMNH to be reimbursed under the Medicare program for Medicare bad debt. HMNH will not consider the patient's monetary assets in determining eligibility for Charity Care or Discount Payment.

The Patient Financial Services (PFS) and Patient Access departments will create a tracking document to monitor all applications received.

If a financial assistance application is received and deemed incomplete, a written notice to the patient (or guarantor) will be sent within 15 days of receipt of the incomplete application requesting that the missing information be returned within 30 days of the date of the notice. Such notice shall include contact information for the facility or department that can provide assistance with the financial assistance process, a plain language summary of this Policy, and information about potential collection activities. If the additional information is not received within a reasonable time frame, HMNH will send a denial letter to the patient stating that the application was not complete and the missing information was not received.

HMNH will determine eligibility based on each applicant's Financial Assistance Application and the criteria for eligibility described in this Policy. Data used to determine eligibility for financial assistance should be verified to the extent practical in relation to the amount of financial assistance involved and the significance of an element of information in the overall determination. Eligibility for discounted payments or charity care may be determined at any time the hospital is in receipt of the Financial Assistance Application and supporting documentation.

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A patient, or patient's legal representative, who requests Discount Payment or Charity Care, shall make every reasonable effort to provide the hospital with documentation of income and health benefits coverage. HMNH's financial counselors may assist the patient (including referral to outside resources) in determining if he/she is eligible for government-sponsored programs, and to educate and assist them in understanding insurance coverages offered through the Covered California Health Insurance Exchange. Patients can also obtain information for the Covered California Health Insurance Exchange through their website at coveredca.com and can obtain further health consumer assistance from Health Consumer Alliance whose website is healthconsumer.org. The patient or guarantor is responsible for meeting the conditions of coverage of their insurance or health plan if they have third-party insurance or health plan.

HMNH may consider the failure to provide full and complete information in making its determination. These documents provided for the Application will only be used in reaching a determination of Financial Assistance and will not be used for collection activities.

As discussed below in the Verification of Information Provided section, HMNH may waive the requirement to submit a complete application if HMNH obtains certain other information that allows HMNH to perform a good faith assessment of the patient's ability to pay and uses that information to determine that the patient is eligible for financial assistance. The basis for any presumptive determination shall be documented in the billing system.

ELIGIBILITY

Guidelines for determining eligibility for financial assistance shall be applied consistently. HMNH shall not discriminate against patients applying for financial assistance based on race, color, creed, national origin, sex, age, or disability.

Financial Assistance is not dependent on the patient applying for Medicare or Medi-Cal coverage. Also, assignment of all insurance payments, including lawsuit or other legal settlements, to HMNH is required, up to the amount of Gross Charges on the patient's bill. The patient is required to pay HMNH the entire amount of any reimbursement sent directly to the patient or guarantor by a third-party payer for the hospital services received. If the patient receives a legal settlement, judgment or award under a liable third-party action that includes payment for health care services or medical care related to the injury, the patient or guarantor must reimburse HMNH for the related health care services provided up to the amount reasonably awarded for that purpose.

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For patients with insurance, any discount shall be applied directly to the patient's out-of-pocket responsibility. Financial Assistance is intended for the benefit of the patient and shall not be used to reduce the payment obligations of any insurance payor.

Standard Eligibility Requirements

Financial Assistance is provided on a sliding scale basis based on Family Income up to 400% of the FPL.

Financial Assistance is calculated based on a percentage of AGB, which shall be updated annually by the Director of PFS without Board approval. HMNH will utilize AGB via the Prospective Medicare methodology for inpatient and outpatient accounts when determining patient financial responsibility, for individuals who qualify for Financial Assistance. Specifically, HMNH will limit charges to a qualified individual for a particular service based on the AGB. The amount owed by any qualified individual will never exceed the amount that HMNH would expect in good faith from Medicare.

The eligibility and Charity Care/Discount Payment amounts shall be determined based on the following table:

Family Income	*Patient Responsibility*
200% or less of the Federal Poverty Level	Zero (Charity Care)
201% -300% of the Federal Poverty Level	25% of the AGB, less insurance/third party payment (if any) (Discount Payment)
301% - 400% of the Federal Poverty Level	50% of the AGB, less insurance/third party payment (if any) (Discount Payment)
> 400% of the Federal Poverty Level	No Financial Assistance

Presumptive Eligibility Requirements

When possible, HMNH shall screen each uninsured patient for eligibility for financial assistance in a good faith effort to determine financial need. Presumptive eligibility shall be granted and documented in the patient account, as follows:

- Self-pay patients admitted through the Emergency Department with insufficient information provided to fully evaluate financial assistance and eligibility tests, for whom the ability to pay cannot be reliably determined, will be classified as Charity Care. If information becomes available later that would disqualify the patient from qualifying for Financial Assistance, then the patient account will be reclassified to the appropriate payer class.

- Patients who are eligible for government sponsored, low-income assistance programs (i.e., Medi-Cal, out of state Medicaid, California Children's Services and any other applicable Federal, State or local low-income program) are presumed to be indigent. Therefore, such patients may be considered as presumptively eligible under the Financial Assistance Policy when payment is not made by the governmental program.

- Non-covered and denied services and related services provided to Medicaid-eligible beneficiaries are considered a form of Charity Care. Medicaid beneficiaries are not responsible for any form of patient financial balances besides Share of Cost, unless waived or reduced. Examples of this include but are not limited to services provided to Medicaid beneficiaries with restricted Medicaid, Medicaid pending accounts, Medicaid of other indigent care program denials, charges related to days exceeding length- of-stay limits, Medicaid claims (including out-of-state Medicaid claims) with "no payments," and any service provided to a Medicaid-eligible patient with no coverage and no payment.

- Medi-Cal Share of Cost or Medicaid copays not paid at the time of service will be billed to the patient. If unable to collect the copays after reasonable collection efforts, the copays will be written off as a charity write-off based on presumptive eligibility.

- Patients who presumptively qualify for Medi-Cal, but where HMNH does not receive payment for their entire stay, are eligible for Charity Care for denied stays,

- Trauma services rendered for patient medical conditions meeting the definition of billable trauma care, per HMNH's trauma care agreements with the County of Los Angeles and the State of California, will be classified as Charity Care. These patients will not be billed for their services.

EXTENDED PAYMENT PLANS

If found eligible for Discount Payment, the patient may enter into an extended payment plan to allow payment over time. HMNH and the patient shall negotiate the

terms of the payment plan and take into consideration the patient's Family Income, Essential Living Expenses, and the availability of a health savings account of the patient or the patient's family. If the hospital and the patient cannot agree on the payment plan, HMNH shall create a payment plan where monthly payments will not be more than 10 percent of a patient's Household Income for a month, excluding deductions for Essential Living Expenses.

HMNH cannot undertake any Extraordinary Collection Actions while it is in the process of establishing an extended payment plan or to settle an outstanding bill, or if the patient is making regular partial payments of a reasonable amount as solely determined by HMNH.

Enrollment in an extended payment plan can occur in person or over the phone at any point in the revenue cycle, during pre-registration, registration, discharge, billing and follow-up.

In the event that a patient that qualifies for financial assistance defaults on an amount due under a payment plan (patient fails to make all consecutive payments due during a 90-day period), the Hospital will reclassify the remaining balance as Charity Care per the patient's Financial Assistance award.

DETERMINATION OF FINANCIAL ASSISTANCE

Review and Approval:

Financial Assistance must be documented on the Financial Assistance Application Form and shall be approved by the Director or Manager of PFS per this Policy. Documentation of receipt, review and approval of the Financial Assistance Application Form shall be made by the financial counselors or PFS.

At the time a decision is made for the approval or denial of an account for financial assistance, a letter shall be sent to the patient or responsible party as notification of the decision made. The letter, which generally shall be sent within 30 days of receiving the Financial Assistance Application Form, should include the following information:

- Patient name
- Account number(s) for HMNH account
- A clear statement of HMNH's determination of the patient's eligibility for Financial Assistance

- Current outstanding balance of the account(s)
- If the patient was granted eligibility for Financial Assistance, a billing statement that states the amount the individual now owes for the care, if any, how that amount was determined and how the individual can get information regarding the Amounts Generally Billed ("AGB") for the care, and detail of arrangements to pay for any remaining balance on the account after financial assistance is provided, including a reasonable payment plan, if applicable
- If the patient was denied eligibility for Financial Assistance, a clear statement explaining why the patient was denied
- Appeal process, including the HMNH office, contact name, and contact information where the patient may appeal HMNH's decision.
- Information on the hospital bill complaint program, as indicated above; and,
- Information on the Health Consumer Alliance, including the following statement: "There are free consumer advocacy organizations that will help you understand the billing and payment process. You may call the Health Consumer Alliance at 888-804-3536 or go to healthconsumer.org for more information."

If found eligible under this Policy, HMNH shall adjust the patient's outstanding balance for the services subject to Financial Assistance to zero. Financial Assistance is applicable as follows: (1) if tax returns are submitted with the Application, the services first billed in the year covered by the tax return or the following year; or (2) if paystubs are submitted with the Application, the services first billed in the six months before or after the paystubs. If appropriate, HMNH shall refund the individual any amount he or she has paid for the care (whether to the hospital facility or any other party to whom the hospital facility has referred or sold the individual's debt for the care) that exceeds the amount he or she is determined to be personally responsible for paying after Financial Assistance has been applied. HMNH shall make any refunds under this section within 30 days of the determination of eligibility for Financial Assistance. Any interest owed by the hospital to the patient shall accrue at the rate set forth in Section 685.010 of the Code of Civil Procedure, beginning on the date payment by the patient is received by the hospital.

Once a patient has been approved for financial assistance, PFS will rely upon that approval for subsequent services rendered by HMNH from initial approval date for six months. After six months, the patient will be required to re-apply for financial assistance, and the appropriate verifications of information will need to be made.

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If a patient is granted financial assistance on a portion of their bill, and the patient subsequently does not pay their remaining portion of the bill, HMNH will not reverse the amount of financial assistance granted.

Appeals of Determination:

Denials of financial assistance may be appealed. Appeals must include an appeal letter from the patient or party with financial responsibility requesting reevaluation, an explanation why the patient or party with financial responsibility believes the Application was erroneously denied and supporting documents that may prove inability to pay that were not part of the initial consideration. Appeals will be referred to and reviewed by the Director of PFS within thirty (30) days of being received. If the Director of PFS feels additional input is needed in making a determination, the Chief Financial Officer will be asked to review and assist with the determination.

If subsequent to review and determination of financial assistance, it is found that the information relied on was in error, the following shall occur:

- If the corrected information in a prior denial of financial assistance now qualifies the patient for financial assistance, the patient will be notified that they are now eligible for financial assistance and the account(s) will be processed as described above.

- If the corrected information in a prior granting of financial assistance now disqualifies the patient for financial assistance, the patient will be notified that they are not eligible for financial assistance and payment is expected on their account(s).

The completed Financial Assistance Application Form and all related supporting documentation will be scanned into the patient's accounts in the patient billing system.

Changes in Patient Financial Status:

Patients may have unexpected changes to their ability to pay that occur after the time service is rendered and after either an Extended Payment Plan or Financial Assistance determination has been made. If a patient agreed to a Extended Payment Plan that was reasonable in relation to his or her circumstances at the time, but the patient subsequently lost his or her job or had some other financial hardship occur and became unable to pay under the plan, the patient may apply for Financial Assistance under the guidelines of this policy.

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If a patient who is granted Financial Assistance subsequently experiences a positive change to their ability to pay for services, HMNH will not retroactively change any approved Financial Assistance awards.

ACCOUNTING FOR AND TRACKING FINANCIAL ASSISTANCE

Approved Financial Assistance pursuant to this Policy, along with any write-offs as a result of applying AGB amounts, shall be classified and recorded as charity care, because, by definition, charity allowances are "reductions in charges made by the provider of services because of the indigence or medical indigence of the patient." Any Financial Assistanceunder this Policy—including both Charity Care and Discount Payment—is considered charity allowance/care under Medicare cost reporting. The difference between HMNH's standard Gross Charges and the Charity Care or Discount Payment amounts, will be accounted for as a contractual adjustment. The amount of charity allowances provided will be reported separately in the monthly financial statements.

For financial assistance granted to patients with Medicare coverage meeting the IRS criteria, but not meeting Centers for Medicare and Medicaid Services (CMS) requirements for charity care, a transaction non-charge procedure code of "CMS IRS" shall be used in the billing system. For all other patient financial assistance granted, the code of "CMS CHAR" shall be used.

PFS and Patient Access will be responsible for maintaining the following data monthly:

- Number of applications for financial assistance received
- Number of individuals granted financial assistance
- Number of appeals received
- Percentage of appeals reviewed with a reversed decision; and
- Number of completed applications not processed within 30 days of receipt

Finance shall calculate the cost associated with the services approved for financial assistance for disclosure in the annual financial statements and tax return.

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POLICY UPDATES

As required by California State law, HMNH provides the Department of Health Care Access and Information (formerly the Office of Statewide Health Planning and Development (OSHPD)) its Financial Assistance Program Policy and application forms, as well as its debt collection policy at least biannually on January 1, or when there is a significant change. If there has been no significant change since the information was previously provided, HMNH notifies the Department of Health Care Access of the lack of change.

REFERENCES:

HealthCare Financial Management Association Principles and Practices Board Statement 15, "Valuation and Financial Statement Presentation of Charity Care and Bad Debts

American Hospital Association Hospital Billing and Collection Practices Statement of Principles and Guidelines May 5, 2012

26 U.S.C. §§ 501(r)(1)-(6)

26 CFR §§ 1.501(r)-1 through 1.501(r)-7

California Health & Safety Code §§ 127400 *et seq.*

California Code of Regulations, Title 22, Division 7, Chapter 9.2

CMS Publication 15-1, Provider Reimbursement Manual, § 302.3