



Subject: Financial Assistance

Policy No.:

Department: Business Office

Effective Date:

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Date Approved: 01/26/2022

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**POLICY PURPOSE:** The purpose of this policy is to further the organization's mission to provide quality service and compassionate care to the community by providing assistance to persons with health care needs who may be unable to pay for medically necessary care due to their financial situation. This policy reflects Sumner County Hospital District No 1's (SCHD1) commitment to:

1. Treat all patients and individual(s) responsible equally and with dignity and respect without regard to race, national origin, gender, age, or other characteristic;
2. Ensure appropriate billing and collection procedures are uniformly followed;
3. Ensure reasonable efforts are made to determine whether the individual(s) responsible for payment of all or a portion of a patient account are eligible for assistance under the Financial Assistance Policy.

**INTRODUCTION:** This policy addresses:

1. Eligibility criteria for financial assistance;
2. The extent to which financial assistance will include free or discounted care;
3. The basis for calculating Amounts Generally Billed (AGB) to the patient;
4. The method for applying for financial assistance; and
5. Methods to communicate the policy to patients and communities served.

This policy applies to those eligible for financial assistance who have received medically necessary and emergency medical treatment provided by SCHD1 and its employed physicians and practitioners. A list of providers and practitioners who are both covered under this policy and who are not covered by this policy is maintained on our website ([sumnercountyhospital.org](http://sumnercountyhospital.org)) and in Addendum A of this policy. This list is available free of charge at the Business Office at SCHD1.

**AREA OF RESPONSIBILITY:** Chief Financial Officer

**SCOPE:** Chief Financial Officer, Billing Department

**DEFINITIONS:**

1. **Uninsured** – the patient has no insurance or coverage under governmental programs and not eligible for any third party payment such as worker's compensation or third party liability.



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2. **Underinsured** – the patient has limited insurance coverage that does not provide coverage for the medically necessary care rendered or the maximum liability under insurance coverage has been exceeded.
3. **Medically Indigent** – Persons whom the hospital has determined are unable to pay some or all of their medical bills under this policy because their medical bills exceed 30% greater of their family or household income or assets (for example, due to catastrophic costs or conditions) even though they have income that otherwise exceed the federal poverty guidelines adopted by the hospital for free or discounted care under the policy.
4. **Medically Necessary** – Medically necessary care is defined as accepted health care services and supplies provided for the evaluation and treatment of a disease, condition, illness or injury and consistent with the applicable standard of care. This includes appropriate services and supplies that are neither more nor less than what the patient requires at a specific point in time. Medically necessary care must reflect the efficient and cost-effective application of patient care including, but not limited to, diagnostic testing, therapies (including activity restriction, after-care instructions and prescriptions), disability ratings, rehabilitating an illness, injury, disease or its associated symptoms, impairments or functional limitations, procedures, psychiatric care, levels of hospital care, and extended care. Financial assistance is not available for elective services otherwise classified as non-covered or not-medically-necessary by CMS/Medicare or DHHS/Medicaid.
5. **Plain Language Summary** means a written statement that notifies an Individual(s) that SCHD1 offers financial assistance under the Financial Assistance Program (FAP) for inpatient and outpatient hospital services and summarizes eligible services requirements and how to apply.
6. **Application Period** means the period during which SCHD1 must accept and process an application for financial assistance under the FAP. The Application Period begins at the time of service and ends on the 240<sup>th</sup> day after SCHD1 provides the first post-discharge billing statement.
7. **Billing Deadline** means that date after which SCHD1 or its designated collection agency may initiate an Extraordinary Collection Action (ECA) against a Responsible Individual(s) who has failed to submit an application for financial assistance under the FAP. The Billing Deadline must be specified in a written notice to the Responsible Individual(s) provided at least 30 days prior to such deadline, but no earlier than 120 days after the first post- discharge statement.
8. **Completion Deadline** means the hospital will allow 10-14 days for the applicant to send the additional information needed to process an application, and it must suspend all actions while the application is pending. If they do not receive the requested information in that time period they can resume all actions. If they later get the information requested, and the application period has not expired, they once again must suspend actions and complete the application.
9. **Extraordinary Collection Action (ECA)** Taking legal action including filing suit, obtaining judgement, issuing garnishments and requesting hearings. ECAs do not include filing liens, bankruptcy claims or claim with insurance companies.
10. **FAP-Eligible Individual(s)** means a Responsible Individual(s) eligible for financial assistance under the FAP without regard to whether the Individual(s) has applied for assistance.



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11. **Financial Assistance Policy (FAP)** means SCHD1's Financial Assistance Program which includes eligibility criteria, the basis for calculating charges, the method for applying the policy, and the measures to publicize the policy.
12. **Responsible Individual(s)** means the patient and any other Individual(s) having financial responsible for a Self-Pay Account, through contract or relationship. There may be more than one Responsible Individual(s).
13. **Self-Pay Account** means that portion of a patient account that is the Individual(s) responsibility of the patient after the application of payments made by any available healthcare insurance or other third-party payer (including co-payments, co-insurance and deductibles), and application of any reduction or write-off after application of the FAP, as applicable.

### PROCEDURE:

1. Emergency medical treatment will be provided without regard to ability to pay and regardless of whether the patient qualifies for financial assistance under this policy. Emergency medical treatment will be provided in accordance with the requirements of the Emergency Medical Treatment and Active Labor Act (EMTALA) and the requirements of Section 501(r) of the Internal Revenue Code. All determinations of financial assistance eligibility and financial assistance practice in general shall be consistent with Section 231(h) of the Health Insurance Portability and Accountability Act (HIPAA) and shall be made in a manner consistent therewith. There will be no discrimination against patients based on ability to pay in the provision of emergency medical treatment.
2. Financial Assistance is a resource of last resort. The hospital reserves the right to allow or disallow assistance based on the patient's or guarantor's ability to pay as determined in the financial investigation process as set forth herein. Furthermore, the hospital reserves the right to deny financial assistance for the failure of patient to take reasonable steps in making application for Medicare, Medicaid, and other governmental medical assistance programs in which they may be entitled to participate, and for the failure to comply with the terms and conditions of this policy.
3. The hospital Board of Directors may annually determine reasonable financial caps on the amount of financial assistance that will be provided by the hospital during the year.

### POLICY:

1. Eligibility Criteria
  - a. General eligibility – Eligibility for financial assistance will be considered for the patients who:
    - i. Are uninsured or underinsured
    - ii. Are ineligible for any government health care program
    - iii. Complete the required application within the application period.
  - iv. Are deemed unable to pay for care based on financial need as determined upon review of a completed application.



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- v. Financial assistance is available to those who meet guidelines regardless of age, sex, religion, or national origin.
  - b. Presumptive Eligibility – Medicaid patients are considered pre-enrolled for financial assistance. However, a completed application is required for determination of the level of possible assistance with copayments.
  - c. Medically Indigent – To qualify as Medically Indigent, the patient must have medical bills in excess of 30% of the annual household income and assets.
2. Limitation of Charges and Calculation of Amount Generally Billed (AGB)
  - a. Calculation of AGB

Once an individual has been determined to be eligible for assistance that individual will not be charged more for eligible services than the amount generally billed (AGB) to those who have insurance coverage. SCHD1 determines AGB by multiplying the gross charges for care provided to patients by the AGB%. SCHD1 has elected to use the look back method in which the AGB% is based on Medicare fee for services and all private insurance as primary payer. This AGB is calculated by dividing the total of all claims allowed by Medicare fee for services and all private insurance as primary payer during the prior 12-month period by the total gross charges for those claims. This AGB is updated annually and is available free of charge at the Business Office.
  - b. Amount of Financial Assistance
    - i. Financial Assistance Discounts will be considered in accordance with this policy to patients who are uninsured or underinsured and who have household incomes less than 200% of the federal poverty guidelines or in the alternative, patients who are determined by the hospital to be medically indigent. The hospital will use poverty guidelines published in the spring of each year by the U.S. Department of Health and Human Services as the basis for a sliding scale of financial assistance determination. (See Addendum C). Patients who qualify for financial assistance as medically indigent will be responsible for their medical bills up to 30% of the annual household income and assets. Any remaining amount will be considered financial assistance under this policy. Discounts granted to eligible patients under this policy will be taken from gross charges.
  - c. Application Process
    - i. For the purposes of this policy the “Application Period” begins on the date the care was provided to the patient and ends on the 240<sup>th</sup> day after the first post discharge billing statement is provided to the patient. Final written notice to commence ECAs will be mailed to patient no later than 30 days before end of Application Period.
    - ii. Patients may obtain a copy of this policy, a plain language summary, and financial assistance application free of charge on our website or in person at the Business Office.
    - iii. The application process can take place, at the time of services (during admission or discharge), or after the billing process. In all cases, the patient/guarantor must state their desire to apply for assistance to Business Office Personnel.
    - iv. The application process includes completing a form “Application for Financial Assistance”. The applicant must provide copies of their previous year income tax



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return, pay stubs covering their previous three months of earned income, proof of child support/alimony income, most current bank statement, Social Security benefit letter verifying benefits, Veterans Administration benefits, pension payments, child support, alimony, rental income, disability, and other income if applicable. If applicant is self-employed they must provide income/expense records for the previous three years. Copies of other supporting evidence may be required by the Business Office to substantiate information gathered on the Application for Financial Assistance such as titles, Medicaid determination, determination of guardianship, birth certificates, court-ordered child support, credit reports, etc. SCHD1 may not deny assistance under this policy for the failure to provide additional information that was not required to be submitted with the application.

- v. A completed application for assistance must be received during the Application Period.
  - vi. If the application is not complete when submitted, SCHD1 staff will contact patient by phone and letter requesting missing information, and the application will not be processed by SCHD1. In such a case, SCHD1 will proceed as set forth in the Collection Policy.
  - vii. False information on the application may result in denial or revocation of any approved financial assistance, in which all collection actions may resume.
- d. Eligibility and Allowance Determination Process:
- i. To determine the level of financial assistance on the sliding scale, Business Office Personnel will determine the following through review of the application.
    - 1. Annual income level based on current employment or average annual net business income based on three-year history if self-employed.
    - 2. Family size based on legal dependency as defined by Internal Revenue Service, Kansas Department of Children and Families, and court orders. Non-dependent children/adults are excluded from determination of family size.
  - ii. If the patient/guarantor qualifies for assistance. The remaining balance due may be paid by installment payments using the guidelines of the hospital policy on Collections of Self Pay Balances as stated in the hospital Collection Policy. The patient/guarantor must agree to accept responsibility for payment of the remaining liability in order to qualify for Financial Assistance write-off and indicate their acceptance by signing under the "Certification" of the last page of Application for Financial Assistance. The financial assistance discount will not be written off until the self-pay portion of the balance is paid in full.
- e. Accounting for Financial Assistance:
- i. Write-off to Financial Assistance will not occur until the hospital has received payment from all other available sources.
  - ii. Amounts written off to financial assistance will be accounted for separately from bad debt and contractual allowances.
  - iii. Amounts written off to financial assistance may be reported separately on the income statement presented to the Board of Trustees.



- iv. Two signatures may be required for final approval of financial assistance based on the following limits:

<u>Write-off Amount</u>	<u>Required Signatures</u>
\$0.00 - \$5,000	Biller, CFO, or CEO
\$5001 - & above	Biller, CFO, or CEO

The individuals above shall be responsible to determine whether SCHD1 has taken reasonable efforts to determine whether the patients is eligible for financial assistance prior to taking any extraordinary collection actions.

f. Collection Actions – Reference Collections Policy.

g. Notification Process

- i. Once a determination of financial assistance has been authorized, Patient Financial Services will
  1. Provide the individual with a revised bill setting forth: (i) the amount the patient owes for care provided after the application of financial assistance, (ii) how the revised amount was determined; and (iii) either the amount generally billed (AGB) for the care provided or instructions on how the patient can obtain information regarding the AGB for the care provided;
  2. Provide the patient with a refund for any amount the patient has paid in excess of the amount owed to SCHD1 (unless such amount is less than \$5); and
  3. Take all reasonably available measures to reverse any extraordinary collection actions (ECAs) previously taken.
- ii. The financial assistance application may be valid up to 180 days over the course of treatment for which financial assistance was originally sought, unless there is a change in the financial or marital status of the individual.
  1. Change in marital status of the individual within the 180 days period of approval of the original application will void the original application.
  2. A new Application for Financial Assistance with the supporting information of the new spouse will need to be provided for a determination.
  3. Change in financial status (i.e., lottery winning, loss of employment, etc.) within the 180 days may result in a reprocessing of the original application to determine changes in individual financial responsibility for future balances from the date of change to the end of the 180 days.

If such an individual qualifies for less than 100% financial assistance, SCHD1 will:

- Notify the individual regarding the basis for the presumptive financial assistance;
- Notify the individual on how to apply for potentially more financial assistance;
- Give the individual a reasonable amount of time to apply for more generous assistance before initiating extraordinary collection actions (ECAs); and



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- If the individual submits a completed application seeking additional financial assistance during the later of the Application Period or the response time set forth in the notice, process the application as a new application in accordance with this policy.
  - h. Method of Communication

SCHD1 will make the Financial Assistance Policy widely available to individuals through one or a combination of the specific notification measures:
  - i. The policy and all addenda and related documents, including a plain language summary of the policy, will be posted on the website;
    - ii. A conspicuous statement regarding the availability of financial assistance will be included in or on all billing statements;
    - iii. The policy information will be distributed at the patient access points;
    - iv. The policy information will be posted conspicuously in public areas (i.e., including registration areas, emergency department, and waiting rooms.)
    - v. The policy and/or the plain language summary of the policy will be presented to the patient as they present for medical services, including admission;
    - vi. The policy and/or the plain language summary will be distributed in information with discharge materials;
    - vii. The policy will be mentioned when discussing an individual's bill over the telephone;
    - viii. The policy will be made available for public inspection and/or copying without charge at SCHD1 Business Office during normal Business Office hours.



### **Addendum A Covered Providers**

Services for the listed providers and practitioners are covered under the SCHD1 Financial Assistance Policy.

- Nurse Practitioners
  - Ashley Barta
  - Channity Farley
  - Jamie Zurcher
  - Megan Nelson
  - Lisa Koch
  - Molly Partee
  - Emergency Department Temps
- Physicians
  - Dr. Blunk
- Provider Group
  - Dr. Walters
  - Dr. Misasi
  - Dr. Gaston

Services for any provider not on the above list of Covered Providers will NOT be covered under the SCHD1.

### **Covered Services**

- No elective procedures or services will be covered under this policy. Medical Necessity will be determined by the Provider based on patient's diagnosis.
  - If a service is deemed elective by the Provider, the patient will be notified of this
- Swing Bed



## **Addendum B**

### Amounts Generally Billed

SCHD1 determines AGB by multiplying the gross charges for care provided to patients by the AGB %. SCHD1 has elected to use the look back method in which the AGB % is calculated by dividing the total of all claims allowed by Medicare fee for services and all private insurance as primary payer during the prior 12-month period by the total gross charges for those claims. This AGB is based on data from the last fiscal year and will be updated annually.

Year	AGB %
2021	71



### Addendum C

#### 2021 Federal Poverty Levels (FPL)

Family Size	% of Poverty Level 100%	% of Poverty Level 125%	% of Poverty Level 150%	% of Poverty Level 175%	% of Poverty Level 200%
1	\$12,880.00	\$16,100.00	\$19,320.00	\$22,540.00	\$25,760.00
2	\$17,420.00	\$21,775.00	\$26,130.00	\$30,485.00	\$34,480.00
3	\$21,960.00	\$27,450.00	\$32,940.00	\$38,430.00	\$43,920.00
4	\$26,500.00	\$33,125.00	\$39,750.00	\$46,375.00	\$53,000.00
5	\$31,040.00	\$38,800.00	\$46,560.00	\$54,320.00	\$62,080.00
6	\$35,580.00	\$44,475.00	\$53,370.00	\$62,265.00	\$71,160.00
7	\$40,120.00	\$50,150.00	\$60,180.00	\$70,210.00	\$80,240.00
8	\$44,660.00	\$55,825.00	\$66,990.00	\$78,155.00	\$89,320.00
Additional per person \$4,540.00					

### Financial Assistance Discounts

Annual Income is	Financial Assistance Discount
Below 100% of FPL	100%
101%-125%	85%
126%-150%	70%
151%-175%	50%
176%-200%	40%