RCO 02_108 Financial Hardship and Charity Discount

Department:

Revenue Cycle Operations

Purpose:

The purpose of this policy is to establish governance and protocols for financial hardship discount processing.

Summary of Changes:

The following is a **brief** summary of the changes that have been made to this document:

- New policy

Note that this is only a summary. It is your responsibility to read the full document to ensure you abide by the required elements.

Persons Affected:

This policy is applicable to all teammates, business associates (contractors, consultants, temporaries, volunteers, physicians, clinicians, and other workforce members at SCA Health), including all personnel affiliated with third parties.
These policies, procedures, and forms are compiled based on both legal and regulatory requirements as well as industry standard best practices. Persons are expected to use established practices and sound judgment in making decisions.

Definitions:

Term	Definition
BOM	Business Office Manager
CBO	Central Billing Office
CEO	Chief Executive Officer
Charity Discount	100% discount of charges
Financial Hardship	discount based on financial need using the federal poverty guidelines
FPG	Federal Poverty Guidelines
PAS	Patient Accounting System

Financial Hardship

Policy Statement:

Facilities wishing to offer a financial hardship discount must have a facility specific Financial Hardship Discount Policy. Site Engagement can be consulted for assistance in creating this policy.

Prior to obtaining the Governing Board's approval, the facility must contact Payer Strategies to have a contract review performed to determine if there is contract language that prohibits this type of discount.

Prior to obtaining the Governing Board's approval, the facility must contact Legal to determine if there is a State specific definition of financial hardship as well as other requirements for offering this type of discount.

For CBO supported facilities, the CBO will follow the facility specific policy.

The Financial Hardship Discount is intended to be offered to patients who express financial need and demonstrate the lack of financial resources to pay for any portion of their patient cost share. A Financial Hardship Discount may be offered to a patient who demonstrates a financial need by:

* Providing a completed, signed Financial Disclosure Form,
* Providing the required documents to prove income levels and
* Is receiving medically necessary services.

The discount may be offered post service. This policy does not apply to cosmetic procedures, see policy **RCO_04_110: Cosmetic Cases**. This policy may not be combined with any other discount and may not be offered to a patient who does not wish to use their insurance benefits.

Patients with Medicare and Medicaid Coverage:

Facilities who do not participate with Medicaid may deem Medicare beneficiary's indigent or medically indigent when such individuals have also been determined eligible for Medicaid as either categorically or medically needy individuals. If a facility wishes to offer a financial hardship to a patient with Medicare benefits and the patient also qualifies for Medicaid, additional effort to determine financial hardship is not necessary with **proof** of Medicaid eligibility. The documented proof of Medicaid eligibility must be retained in the patient's medical record as a permanent document. Participating Medicaid facilities must bill Medicaid prior to offering the discount.

Facility Specific Discount Levels:

1. Facility management must determine the percentage of the current published Federal Poverty Guidelines (FPG) it wishes to offer to those who qualify for a financial hardship and apply that percentage consistently to all patients who qualify. A sliding scale may be used. The facility must receive written approval from the Governing Board, the Regional Vice President, Payer Strategies and Legal.
2. Facility management must determine what documents will be acceptable to prove income levels and must apply the requirement consistently to all patients. Examples of documents: Last three months' pay stubs/ disability or unemployment checks for all adults in household, prior year's tax return and last three months bank statements.
3. The approved facility specific policy may not alter the eligibility requirements as outlined by SCA Health.
4. The approved facility specific policy must be kept at the facility for reference and shared with the CBO if a CBO supported site.
5. Financial need is based on the Health and Human Services (HHS) Poverty Guidelines for their respective state. Below is a link to the HHS Poverty Guidelines Federal Poverty Guidelines.

Procedure Steps:

1. Patient or financially responsible parent completes a ***Financial Disclosure Form*** (see **Attachments/Links**) and provides financial documents to facility. Facility Administration to determine eligibility and completes a ***Write-Off Approval Form*** (see **Attachments/Links**). Submit both to the signature authority provided in the table below:

Central Business Office (CBO) Supported Facilities

Title	Approval Amount
Sr. Representative	$2 - $1,000
Analyst/Supervisor	$1,001 - $2,500
Revenue Cycle Manager	$2,501 - $5,000
Associate Director	$5,001 - $25,000
Director	$25,001 - $50,000
Senior Director	$50,001 - over

Non CBO Supported Facilities

Title	Approval Amount
Business Office Coordinator/Business Office Manager	$ 2 - $ 1,000
CEO	$ 1,001 - 25,000
VP/Director of Operations	$25,001 - 50,000
SVP of Operation	$50,001 - and over

Surgical Hospitals

Title	Approval Amount
Business Office Manager	$ 2 - $ 2,500
CEO	$ 2,501 - $ 5,000
VP/Director of Operations	$ 5,001 - 50,000
SVP of Operation	$50,001 - and over

2. Best practice is to upload a copy of the approved Financial Disclosure and Write Off Approval Forms in the PAS if applicable.
3. For CBO supported sites the approved Financial Disclosure Form and the Write Office Approval Form must be submitted to the Revenue Cycle Manager to be uploaded into the collection workflow system.
4. The Approved write off form must also be included in the Day Pack.
5. Place the signed, approved ***Financial Disclosure Form*** (see **Attachments/Links**) in the patient's medical record for reference during the billing process.
6. If the facility has patient's supporting financial documents, due to HIPAA guidelines they must be shredded.
7. The Charity Discount transaction code must be available in the PAS and used to post this transaction.

Charity Discount

Policy Statement:

Facilities wishing to offer a financial hardship discount must have a facility specific Charity Discount Policy. Site Engagement can be consulted for assistance in creating this policy.

For CBO supported centers, the CBO will follow the center specific policy.

Charity Care (free services) is intended to be offered to those patients who lack the resources to pay for medical services. Charity Care is defined as the demonstrated inability of a patient to pay, versus bad debt (the unwillingness of the patient to pay).

Charity Care and Financial Hardship are two distinct policies. Charity care is 100% fee forgiveness and financial hardship is typically based on a financial scale.

Facilities may provide Charity Care (free services) to those patients who meet the following criteria for either A or B:

A. Meet **all** four conditions

   1) Are uninsured
   2) Cannot afford to pay for any part of services
   3) Has exhausted all other means of financial assistance
   4) Service is not cosmetic in nature.

B. Has been approved by a community-based charity program.

All other providers rendering care (surgeon, anesthesiologist, etc.,) should agree to waive 100% of their fees. The policy does not apply to patients who do not wish to use their insurance benefits.

Document Requirements:

A. The patient must fill out and sign the Financial Disclosure Form and provide income verification documents for review.
B. If a patient is accepted in a community-based charity program, a copy of the income verification or income approval form from the community-based charity program is required.

It is at facility management discretion to decide the income level threshold to establish financial need. The income level must be applied consistently to all patients applying for Charity Care.

The level of patient's income is compared to the current national poverty guidelines and a threshold is approved in a facility specific policy. Facility may not deviate from the SCA Health eligibility requirements set forth in scenarios A and B of this policy.

Federal Poverty Guidelines

For example, a facility should decide what income level would qualify for a Charity Discount. The Federal Poverty Guidelines should be used to set facility policy.

The facility must create a center specific policy and obtain Governing Board approval. Best practice is to upload the approved policy to the center SharePoint site.
Centers may reach out to Site Engagement for assistance in creating a center specific policy.

Procedure Steps:

1. Determine eligibility and write off amount.
2. Facility will complete the ***Write-Off Approval Form*** or follow the appropriate approval process.

3. For CBO supported sites, once all approvals are obtained, submit the Write Off Approval Form to the Revenue Cycle Manager to be uploaded into the collection workflow system.
4. Approved write off form must also be included in the Day Pack.

Submit to the signature authority provided in the table below:

Central Business Office (CBO) Supported Centers

Title	Approval Amount
Sr. Representative	$2 - $1,000
Analyst/Supervisor	$1,001 - $2,500
Revenue Cycle Manager	$2,501 - $5,000
Associate Director	$5,001 - $25,000
Director	$25,001 - $50,000
Senior Director	$50,001 - over

Non CBO Supported Center

Title	Approval Amount
Business Office Coordinator/Business Office Manager	$ 2 - $ 1,000
CEO	$ 1,001 - 25,000
VP/Director of Operations	$25,001 - 50,000
SVP of Operation	$50,001 - and over

Surgical Hospitals

Title	Approval Amount
Business Office Manager	$ 2 - $ 2,500
CEO	$ 2,501 - $ 5,000
VP/Director of Operations	$ 5,001 - 50,000
SVP of Operation	$50,001 - and over

Approval is at the facility's discretion and should be made on a case-by-case basis.

A charity discount transaction code must be available in the PAS and be used to post this transaction.

Enforcement:

Any teammate found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Business associates found to have violated this policy may be subject to financial penalties, up to and including termination of contract.
SCA Health policies and procedures are confidential proprietary information that should not be disclosed to individuals outside SCA Health. All confidential or proprietary information should be protected against theft,

loss, and unauthorized disclosure.

Review and Update:

This policy is to be reviewed annually to determine if the policy complies with current regulations and SCA Health practices. If significant related changes occur, the policy will be reviewed and updated as needed.

Referenced Documentation:

References used within this document that also reside in MCN Healthcare located and can be accessed via the **"Attachments/Links"** tab located at the top of this page.

Contact Information:

If you have questions or concerns regarding this policy, please click on “Approval Details” (on the top right) and email the “Approved By” person. Include the policy name and number in your email. If you cannot reach the policy approver or if you need further assistance, please email regcomp@scasurgery.com.

Prior to MCN Healthcare

Reviews and Approvals:

Reviewed By:	**Date:**
Matthew Warren	02/23/10
P&P Task Force	02/24/10
Approved By:	**Date:**
Policy Advisory & Review Committee	