

POLICY & PROCEDURE

OF

DEKALB MEMORIAL HOSPITAL

SECTION: FINANCE EFF: 10/19/90

RE: Financial Assistance

**DISTRIBUTION: Billing Office
Finance Office
Administration
Community Services/Guest Relations**

DEFINITION

In keeping with ethical practices, the admission or treatment of a patient will not be denied regardless of patient's ability to pay for services. Charges for health services provided to patients with out insurance and deemed not financially able to pay should be identified and recorded as **Financial Assistance**. Elective not medically necessary test/procedures could be declined financial assistance. This is distinct from those charges which are determined to be bad debt, i.e. those services which remain unpaid in spite of the patient's financial ability to do so.

Financial Assistance may be considered and granted when:

- * It is determined as part of the admitting/registration process or during the course of treatment that a patient is without insurance and does not have adequate financial resources to pay, and or assets sufficient to guarantee subsequent payment of amounts owed to the hospital
- * The hospital and/or the patient has attempted to obtain retroactive coverage through governmental Medical Assistance programs, and such coverage was not available or approved. (This excludes those cases, however, where coverage was denied due to the failure of the patient to cooperate with the application/approval process.)

PATIENT SCREENING

Where possible, prior to the actual admission of the patient, the Hospital will conduct a pre-admission interview with the patient, the responsible party and/or his/her representative. If a pre-admission interview is not possible, this interview should be conducted upon admission or as soon as possible thereafter. In the case of an emergency admission, the Hospital's evaluation of payment alternatives should not take place until the required medical care has been provided. At the time of the actual patient interview the following information should be gathered:

- * Demographic data.
- * Complete information regarding all existing third party insurance coverage.

Eligibility and the actual benefit coverage levels should be verified with appropriate carriers and/or employers according to routine Hospital procedures. The following steps should then be taken:

- * Estimate actual patient liability based on the patient's anticipated length of stay.

- * Conduct interview with patient, the responsible party and/or his/her representative to determine his/her ability to pay these anticipated balances.
- * Identify and initiate application(s) for any available programs (local, state, federal, etc.) as well as financing programs (credit card, bank loan, etc.) for which the patient may qualify.

Based on the outcome of the steps outlined above, patients who appear unable to meet their anticipated financial obligation should be offered the opportunity of applying for Financial Assistance.

Whenever a patient's condition prohibits his/her involvement in this process, the patient's representative should be involved on his/her behalf. Where no representatives of the patient are available, the Hospital must assume the responsibilities of the patient and apply for available programs, Financial Assistance, etc.

Patients may be reconsidered for Financial Assistance eligibility as appropriate, following Medicaid's eligibility decisions, etc.

APPLICATION & DETERMINATION

The patient's qualification for Financial Assistance will be determined through an application process. The Federal Income/Poverty Guidelines will be utilized.

- * The "Application for Financial Assistance" and a financial statement must be completed and signed by the patient/guarantor/representative.
 - All Family Household income including wages and salaries, welfare payments, social security payments, strike benefits, unemployment benefits, child support and alimony, dividends and interest or any other form of income must be documented.
 - If an Adult is living with another Adult who is temporally giving the patient a place to live, we will not look at their income if they have lived in the household for six (6) months or less. However if the patient has resided with this individual for six months or more the entire household income will be used to determine financial assistance.
 - Patients under the age of 23 can apply for charity however the parent's income will be used. If the child is 23 or over the above policy will apply.
- * Acceptable documentation is defined as one of the following and must be provided prior to adjudication of the application for assistance.
 - Prior year's income tax return
 - Prior year's W-2 forms
 - Checking/Saving accounts statements for the previous three months
 - Most recent 401K or Retirement Plan Statement
 - Pay stubs or employers statement documenting earned wages for the four (4) weeks prior to the application for assistance.
 - If the patient is on food statements a copy of the Award Letter must be submitted with the application.
 - Where no such documentation is available, a signed statement from the patient, guarantor or representative must be provided which testifies to the prior and/or current financial status (i.e., "The patient has been without any income for five months and has been supported solely by family members or other external entities.)
 - A credit report will also be completed on the applicant to determine expenses as well as available credit.
 - Applicants whose current financial position is not adequately reflected by prior income reports, may submit statements and/or appropriate documentation of their current/future financial position; i.e., an individual on temporary disability may submit a physician's report documenting his

inability to work for a given period of time in the future, etc. Exceptions to these guidelines may be made with the approval of the CFO.

- Applications received without sufficient and/or appropriate income documentation will be pended until such time as acceptable documentation is presented, but not longer than 30 days.
- Income documentation will be reviewed according to the Charity Allowance Guidelines based on family size, etc. utilizing annualized figures.
- Decisions are reported to the applicant utilizing the applicable form letter.
- Final decisions are logged on the "Application for Financial Assistance Log".

Where a patient has qualified for Financial Assistance in an amount less than 100%, an arrangement for payment must be established. Although full and immediate payment should be sought, circumstances may require an extended payment term. Such agreements should be made consistent with routine Hospital policy.

Should a patient default for any reason on his identified liability, the unpaid amount will be considered a bad debt and processed in accordance with routine Hospital policy. In this instance, the original Financial Assistance decision and subsequent allowance should be maintained.

APPROVALS

All charity write-offs will be approved, in advance, by the Chief Financial Officer or his designee.

REPORTING AND CONTROL

All individuals associated with the administration of the Financial Assistance program will be informed as to the established Financial Assistance budget.

The financial counselor will post the Financial Assistance write-offs to the appropriate accounts and enter the amounts on the charity log.

On a monthly basis, appropriate management will review the amount of Financial Assistance extended to date, project anticipated future utilization and compare this to the approved budget. If it appears that the utilization will exceed budget, further Financial Assistance must be limited as follows at the option of Management:

- Establish monthly allotments of Financial Assistance allowance, or;
- Continue to approve and process Financial Assistance allowances to the point of exhaustion of budgeted funds after which no additional approvals will be extended.

In the case of potential and/or actual exhaustion of Financial Assistance funding, management must provide appropriate notice to the Medical Staff and request them to limit where possible, elective admissions or registrations of Financial Assistance patients.

Attachments – in administrative manual in administrative workroom or in business office

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| Reviewed Date | | | | | |
| Revised Date | 3/2/04 | 2/24/06 | 2/15/08 | 12-30-08 | 12-8-09 |