

Salem Hospital

Salem, Oregon

Department: Revenue Cycle	Approved By: Director, Revenue Cycle
Area: Business Office	Date of Approval: TBD
Authored By: Collections Manager	Effective Date: 10/01/04
Policy#: 122	Reviewed/Revised:
Responsible Person: Collections Manager	Archive File:
Cross Reference: Charity Care Policy & Patient Loan Policy	Attachments:
Key Words:	Title: Financial Policy

Purpose: To optimize cash flow by collecting co-pays, deductibles, non-covered services, and uninsured balances from the patient by establishing fair and equitable payment arrangements, when needed, without placing an undue burden on patients/guarantors. This policy will help ensure that Salem Hospital is financially capable of providing the highest quality healthcare to the community.

Policy: It is the policy of Salem Hospital to manage patient balances in-house for up to 90 days from the time the balance becomes the patient’s responsibility. Salem Hospital provides a variety of options to assist patients in resolving their accounts. These include: Oregon Health Plan (OHP) screening, charity assistance, and extended financing. Should a patient require longer then 90 days to pay the balance due, extended financing will be made available through HealthFirst Resource Outsourcing (HRO)

Procedures:

A. Uninsured Patient Screening & Billing

One hundred percent of the uninsured patients seen at Salem Hospital are screened for potential OHP eligibility through the organization’s Medicaid eligibility vendor Pacific Medicaid Services, Inc. (PMSI). PMSI will review a patient’s current resources and work with him/her to gain eligibility for OHP.

In circumstances where patients are not eligible for OHP and have financial constraints that inhibit their ability to pay their bill, they will be assessed for eligibility under the Charity Care Policy (policy #120). *Note: Cosmetic and Elective procedures are not eligible for a charity discount.*

Salem Hospital

Salem, Oregon

Department: Revenue Cycle	Approved By: Director, Revenue Cycle
Area: Business Office	Date of Approval: 03/01/94
Authored By: Collections Manager	Effective Date: 03/01/94
Policy#: 120	Reviewed/Revised: 06/15/95,07/15/96, 11/10/97, 02/15/00, 02/26/04, 7/16/04
Responsible Person: Collections Manager	Archive File:
Cross Reference:	Attachments: Annual Poverty Guidelines
Key Words:	Title: Charity Care

Purpose: To define Charity Care, as distinguished from bad debts, and to establish consistent procedures that outline how to determine a patient's ability to pay and a patient's potential eligibility for financial assistance.

Policy: It is the policy of Salem Hospital to provide financial counseling services to patients which includes a determination of a patient's ability to pay and potential eligibility for financial assistance through our Charity Care program. Written documentation regarding Charity Care criteria should be maintained, reviewed, and updated every 6 months. This criteria must comply with governmental guidelines and/or state regulations. Written documentation regarding all determinations, whether approved or denied, will be retained in Salem Hospital's Document Imaging System.

Procedures:

- ❖ Charity Care results from a determination of a patient's ability to pay, not their willingness to pay. Criteria considered in determining eligibility include, but are not limited to, the following:
 - The household's gross income. Household incomes up to 300% of the Federal Poverty Guidelines will be used for determining income eligibility. This will be updated annually in accordance with the new guidelines published in the Federal Register.
 - The patient's net worth and liquidity.
 - The patient's employment status and capacity for future earnings.
 - Other living expenses & financial obligations
 - The previous exhaustion of all other available resources.
 - Catastrophic illnesses where the medical bills exceed the family's gross annual income.
 - The family's out of pocket expenses for medical supplies each month.

- ❖ Patients requesting a Charity Care eligibility determination will be provided a financial assistance application.
- ❖ Only medically necessary services are eligible for charity write-offs. Cosmetic surgery is not covered.
- ❖ Patients may be eligible regardless of whether they have other insurance or were eligible purchase insurance but elected not to purchase it. If the patient has insurance, all insurance benefits should be exhausted and only the patient liability portion is eligible to receive discounts or adjustments.
- ❖ Each patient who appears eligible for Charity Care determination and who requests such determination must complete a financial assistance application and provide supporting documentation as requested to verify the patient's financial status. Supporting documentation may include:
 - Three months of income verification in the form of pay stubs, bank deposits, etc...
 - Social Security determination letters
 - Tax returns
 - A "Basic Needs" letter that indicates how persons with no income are meeting their day to day basic living needs
- ❖ Salem Hospital may accept information provided on an OHP application as a substitute for the financial forms when a patient is homeless and the Business Office is unable to contact them. These situations must be approved by the Collections Manager.
- ❖ All questions on the application must be answered. The Financial Counselor should conduct at least one patient interview in order to review and clarify the information provided.
- ❖ Charity Care will be considered after all other resources have been exhausted.
- ❖ Applicants will have 14 days to return requested information. If the requested information is not provided, a second notice should be sent to the patient allowing an additional 14 days. Failure to provide documentation necessary to process the application after the second request will result in a denial of the financial assistance application. The applicant can reopen the application after that time as long as it is within 3 months from the date of service.
- ❖ Charity Care determinations should be made at admission or shortly thereafter, however, events after admission could change the ability to pay making retrospective determination possible. Account balances eligible for Charity Care adjustments must not be older than 3 months prior to the date of application. Exceptions must be approved by the Collections Manager.

- ❖ A “Notice of Determination” will be sent to all applicants. The Collections Manager must approve all applications greater than \$10K.
- ❖ Reasonable payment arrangements, consistent with Salem Hospital’s payment arrangement policy, will be extended for all balances not discounted under the Charity Matrix.
- ❖ A credit bureau report may be requested to validate information provided on the financial assistance application.
- ❖ Business Office transactions for charity care adjustments must be posted in the month the determination is made to recognize the same.
- ❖ All financial assistance applications and determinations will be stored in Salem Hospital’s Document Imaging program.
- ❖ A random audit shall be conducted not less than annually to ensure compliance with eligibility policies & procedures.
- ❖ Charity applications for persons who do not have current or anticipated accounts with Salem Hospital will not be processed.
- ❖ Salem Hospital will not release financial information to physicians or others without written consent by the patient/guarantor.

Uninsured Patient Balances are billed as follows:

First statement sent:	8 days after discharge & every 30 days thereafter until the account is resolved
Balances > \$10,000 receive first follow-up telephone call:	14 days after discharge & a minimum of every 14 days thereafter until the account is resolved
Balances > \$300 receive first follow-up telephone call:	30 days after discharge & a minimum of every 30 days thereafter until the account is resolved
Balances < \$300 receive statements:	Every 30 days up to 90 days
Unpaid balances reviewed for bad debt :	91+ days from discharge

B. Payment Options

Patients are encouraged to pay balances in full within 90 days after the account become their responsibility (when all insurance benefits are exhausted). Balances will be managed inhouse interest free during this time. The Collections Manager must approve all accounts that are held beyond 90 days.

HealthFirst Financial Loans are available to all qualified patients who are unable to pay within 90 days or for those that request an option for an extended payment plan. Interest will likely be assessed to these accounts depending on the financial condition of the patient and the length of the financing period (reference Patient Loan Policy, #200).

C. Collection Agency Assignment

Prior to assigning an account to a collection agency the above billing cycle must be clearly documented in the account notes.

Patient Account Representatives are authorized to transfer accounts up to \$10,000. All balances greater than \$10,000 must be reviewed by the Collections Manager prior to assignment.

D. Collection Agency Processes

Patients are sent their first notice within 24 hours of collection agency assignment. Telephone contact is attempted once the patient has received their first statement from the agency. Payment arrangements will be made with those patients who are unable to pay their balance in full.

Patients determined to have the ability to make substantial payments or pay in full, but refuse to do so will be referred to management at the collection agency with a recommendation for legal action. The following steps occur prior to filing legal action:

- ❖ A demand letter is sent stating that legal action is authorized. The patient is encouraged to contact the collection agency within 10 days to set up payment arrangements.
- ❖ If no response or agreement is reached, the collection agency will file legal action in court after 10 days has passed.
- ❖ Collection agency will pay court fees and submit appropriate paperwork to be filed and returned to the collection agency. The paperwork will then be given to the process server to deliver to the patient.
- ❖ The patient is served and given 14 days to request a hearing or pay the balance in full.
- ❖ If the patient requests a hearing, mediation is scheduled and another attempt is made to come to an agreement.
- ❖ If no agreement is made, a court hearing is scheduled and the judge decides the amount to pay.
- ❖ A judgement is issued and the collection agency can garnish wages or bank accounts and can attach any leviable assets.

Salem Hospital
Table for Determining Financial Assistance
Using 2004 Federal Poverty Levels (effective Feb. 18, 2005)

For gross monthly income up to this amount....

# in Family	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
1	\$ 1,596	\$ 1,676	\$ 1,756	\$ 1,835	\$ 1,915	\$ 1,995	\$ 2,075	\$ 2,155	\$ 2,234	\$ 2,314	\$ 2,394
2	\$ 2,138	\$ 2,245	\$ 2,352	\$ 2,459	\$ 2,566	\$ 2,673	\$ 2,779	\$ 2,886	\$ 2,993	\$ 3,100	\$ 3,207
3	\$ 2,682	\$ 2,816	\$ 2,950	\$ 3,084	\$ 3,218	\$ 3,353	\$ 3,487	\$ 3,621	\$ 3,755	\$ 3,889	\$ 4,023
4	\$ 3,226	\$ 3,387	\$ 3,549	\$ 3,710	\$ 3,871	\$ 4,033	\$ 4,194	\$ 4,355	\$ 4,516	\$ 4,678	\$ 4,839
5	\$ 3,768	\$ 3,956	\$ 4,145	\$ 4,333	\$ 4,522	\$ 4,710	\$ 4,898	\$ 5,087	\$ 5,275	\$ 5,464	\$ 5,652
6	\$ 4,312	\$ 4,528	\$ 4,743	\$ 4,959	\$ 5,174	\$ 5,390	\$ 5,606	\$ 5,821	\$ 6,037	\$ 6,252	\$ 6,468
7	\$ 4,856	\$ 5,099	\$ 5,342	\$ 5,584	\$ 5,827	\$ 6,070	\$ 6,313	\$ 6,556	\$ 6,798	\$ 7,041	\$ 7,284
8	\$ 5,398	\$ 5,668	\$ 5,938	\$ 6,208	\$ 6,478	\$ 6,748	\$ 7,017	\$ 7,287	\$ 7,557	\$ 7,827	\$ 8,097

100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%

...Salem Hospital grants financial assistance
 by discounting charges by this percentage

State of Oregon
Table for Determining Eligibility for Oregon Health Plan
Using 2004 Federal Poverty Levels (effective Feb. 15, 2004)

For gross monthly income up to this amount.....

# in Family	100%	133%	185%
1	\$ 798	\$ 1,061	\$ 1,475
2	\$ 1,069	\$ 1,422	\$ 1,978
3	\$ 1,341	\$ 1,783	\$ 2,481
4	\$ 1,613	\$ 2,145	\$ 2,983
5	\$ 1,884	\$ 2,506	\$ 3,486
6	\$ 2,156	\$ 2,867	\$ 3,988
7	\$ 2,428	\$ 3,229	\$ 4,491
8	\$ 2,699	\$ 3,590	\$ 4,993

Percentage of FPL: 100% 133% 185%

...US citizens are eligible for the Oregon Health Plan