

# System Finance Policies & Procedures



SUBJECT: Financial Assistance Program	DIRECTIVE #: PFS - 3
DEPARTMENT: Patient Financial Services	EFFECTIVE DATE: 10/1/2016
FACILITY/LOCATION: Watauga Medical Center, Charles A. Cannon, Jr. Memorial Hospital, and Appalachian Regional Medical Associates	
APPROVER: Kevin B. May	APPROVAL DATE: 09/13/2016

## I. Objective

Consistent with its mission to provide high quality health and wellness services for the community, Appalachian Regional Healthcare System is committed to providing financial assistance to uninsured and underinsured individuals who are in need of emergency or medically necessary treatment and have a household income between 200% and 300% of the Federal Poverty Guidelines (FPG).

In accordance with the Affordable Care Act (ACA), any patient eligible for financial assistance under Appalachian Regional Healthcare System's financial assistance policy will not be charged more for emergency or medically necessary care than the amount generally billed (AGB) to insured patients.

## II. Policy

Financial assistance is provided only when care is deemed medically necessary and after patients have been found to meet all financial criteria. Appalachian Regional Healthcare System offers both free care and discounted care, depending on individuals' family size and household income.

Patients seeking assistance may first be asked to apply for other external programs (such as Medicare, Medicaid or insurance through the public marketplace) as appropriate before eligibility under this policy is determined. Additionally, any uninsured patients who are believed to have the financial ability to purchase health insurance may be encouraged to do so to help ensure healthcare accessibility and overall well-being.

Uninsured patients who do not qualify for free care will receive a sliding scale discount off the gross charges for their medically necessary services based on their family income as a percent of the Federal Poverty Guidelines. These patients are expected to pay their remaining balance for care, and may work with Patient Financial Advocates to set up a payment plan based on their financial situation.

## III. Definitions

The following terms are meant to be interpreted as follows within this policy:

1. Charity Care: Medically necessary services rendered without the expectation of full payment to patients meeting the criteria established by this policy.
2. Medically Necessary: Hospital services or care rendered, both outpatient and inpatient, to a patient in order to diagnose, alleviate, correct, cure, or prevent the onset or worsening of conditions that endanger life, cause suffering or pain, cause physical deformity or malfunction, threaten to cause or aggravate a handicap, or result in overall illness or infirmity. See billing and Collections policy.
3. Emergency Care: Immediate care that is necessary to prevent putting the patient's health in serious jeopardy, serious impairment to bodily functions, and/or serious dysfunction of any organs or body parts.
4. Urgent Care: Medically necessary care to treat medical conditions that are not immediately life-threatening, but could result in the onset of illness or injury, disability, death, or serious impairment or dysfunction if not treated within 12–24 hours.
5. Uninsured: Patients with no insurance or third-party assistance to help resolve their financial liability to healthcare providers.
6. Underinsured: Insured patients whose out-of-pocket medical costs exceed 33% of their annual family income or whose annual family income is less than 250% of Federal Poverty Guidelines deeming them medically indigent. Or if a patient whose health insurance plan will not cover a specific service or procedure that is deemed medically necessary by the healthcare provider at any hospital or healthcare facility, or if the patient has exhausted their medical or pharmacy benefit for a specific time period.
7. Amount Generally Billed (AGB): The amount generally billed to insured patients for emergency or medically necessary care (determined as described in section (B) of the policy below).
8. Gross Charges: The full amount charged by Appalachian Regional Healthcare System for items and services before any discounts, contractual allowances, or deductions are applied.
9. Presumptive Eligibility: The process by which the hospital may use previous eligibility determinations and/or information from sources other than the individual to determine eligibility for financial assistance.
10. Application Period: The period during which ARHS must accept and process any application for financial assistance under the FAP. The Application Period begins on the date the care is provided and ends on the 240<sup>th</sup> day after ARHS provides the first post-discharge billing statement for the care.
11. Medical Indigence: The condition in which individuals are financially unable to access adequate medical care without reducing them lower than 250% of the Federal Poverty Guidelines. See attached Federal Poverty Level Chart.

#### IV. Procedures

##### (A) Eligibility

Appalachian Regional Healthcare System will not charge patients who are eligible for financial assistance more for emergency or medically necessary care than the amounts generally billed to insured patients.

Services eligible for financial assistance include: emergency or urgent care, services deemed medically necessary by Appalachian Regional Healthcare System, and in general, care that is non-elective and needed in order to prevent death or adverse effects to the patient’s health.

All uninsured patients will automatically receive a discount of 25% on gross charges for medically necessary and emergency care that they receive regardless of household income.

Patients who are uninsured and have a household income meeting below criteria will receive the uninsured discount of 25% plus the additional discount off gross charges listed below. Patients at or below 200% of the Federal Poverty Guidelines (FPG) (see attached Federal Poverty Level Chart) may receive free care or 100% discount, including 25% uninsured discount. Individuals with annual household incomes greater than 200% and less than 250% FPG will be eligible for up to a 75% discount off of gross charges, including 25% uninsured discount. Individuals with annual household incomes greater than 250% and less than 300% FPG will be eligible for up to a 60% discount off of gross charges, including 25% uninsured discount.

Patients who are underinsured and have a household income meeting the below criteria will not receive initial uninsured 25% automatic discount, but will be eligible for the below listed discount to be applied to the remaining self-pay balance after insurance payment is received.

Financial Assistance Available at Appalachian Regional Healthcare System

Household income as %FPG	Underinsured Discount Off Remaining Self-pay Balance	Uninsured Discount off of Gross Charges (includes 25% uninsured)
< 200%	75%	100%
> 200 - 250%	50%	75%
> 250 - 300%	0%	60%

Determinations for financial assistance eligibility will require patients to submit a completed financial assistance application (including all documentation required by the application) and may require appointments or discussion with hospital Patient Financial Advocates.

ARHS reserves the right to reverse any discount adjustments provided under the FAP if ARHS learns that the information provided during the determination process was false or misleading, or if ARHS later learns of a funding or payment source that was or becomes available to pay for the relevant medical services.

When determining patients’ eligibility, Appalachian Regional Healthcare System does not take into account race, gender, age, sexual orientation, religious affiliation, or social or immigrant status.

**(B) Determining Amount Generally Billed**

Once eligibility for financial assistance has been established, Appalachian Regional Healthcare System will not charge patients who are eligible for financial assistance more than the amounts generally billed (AGB) to insured patients for emergency or medically necessary care.

To calculate the AGB, Appalachian Regional Healthcare System uses the “look-back” method described in section 4(b)(2) of the IRS and Treasury’s 501(r) final rule.

In this method, Appalachian Regional Healthcare System uses data based on claims sent to Medicare fee- for-service and all private commercial insurers for emergency and medically necessary care over the past year to determine the percentage of gross charges that is typically allowed by these insurers.

The AGB percentage is then multiplied by gross charges for emergency and medically necessary care to determine the AGB. Appalachian Regional Healthcare System re-calculates the percentage each year. In 2015, the AGB percentage for all services is 42% and, therefore, the discount is 58% of gross charges.

**Example**

If the gross charge for an outpatient colonoscopy procedure is \$1,000, and the AGB percentage is 42%, any patient eligible for financial assistance under this policy will not be personally responsible for paying more than \$420 for an outpatient colonoscopy procedure.

Because the AGB percent for services are 42%, and because the minimum amount of assistance available under this policy is a 35% discount off gross charges in addition to the uninsured discount of 25% off gross charges, no patient eligible for financial assistance will be required to pay an amount in excess of AGB.

**(C) Applying for Financial Assistance**

To apply for financial assistance, patients must submit a complete application on the hospital website or patient financial services office either in person or by mail no later than 240 days after ARHS provides the first post-discharge billing statement for the care. All supporting documentation and outstanding questions must be completed 30 days after application period.

Applications can be accessed:

- At the facility at Watauga Medical Center or Charles A. Cannon Jr. Memorial Hospital, and the offices of Appalachian Regional Medical Associates.
- By mail, if individuals make a request by phone (call 828-262-4110) or by mail (send request to 155 Furman Road Suite 101, Boone, NC 28607)
- Online at [www.apprhs.org](http://www.apprhs.org)

To be considered eligible for financial assistance, patients must cooperate with the hospital to explore alternative means of assistance if necessary, including Medicare and Medicaid. Patients will be required to provide necessary information and documentation when applying for hospital financial assistance or other private or public funded payment programs. Application for

financial assistance must be received within 240 days after ARHS provides the first post-discharge billing statement for the care.

In addition to completing an application, individuals should be prepared to supply the following documentation:

- Statements for savings accounts including but not limited to checking, savings, retirement accounts, health savings account or flexible medical accounts.
- Proof of household income for applicant (and spouse if applicable). Sources of income including but not limited to: Gross salary and wages, self-employment income, interest and dividends, real estate, rentals and leases, social security, alimony, child support, VA pension, settlement income, bonds, tax annuities, unemployment, disability payments and public assistance.
- Copy of most recent federal tax return.
- Payment history of any outstanding accounts for prior hospital services
- Documentation of qualification for any government program including but not limited to Medicare and Medicaid and government funded insurance programs.
- In some cases, information on available assets, monthly expenses or other financial resources. External, public sources like credit scores may also be used to verify eligibility. Individuals who have do not have any of the documentation listed above; have questions about Appalachian Regional Healthcare System's financial assistance application; or would like assistance with completing the financial assistance application may contact our Patient Financial Advocates either in person at 155 Furman Drive, Suite 101, Boone, NC 28607 or over the phone:

Patient Financial Advocate  
828-262-4110  
patquestion@apprhs.org

Financial counseling office hours are 9 – 4:30 Monday through Friday at the Business Office.

Representatives at ARHS facilities are also able to assist with completing Appalachian Regional Healthcare System's financial assistance applications:

Watauga Medical Center	or	Charles A. Cannon, Jr. Memorial Hospital
Patient Financial Advocate		Patient Financial Advocate
828-262-4413		828-737-7443
336 Deerfield Road, Boone, NC 28607		434 Hospital Drive Linville, NC 28646

#### (D) Actions in the Event of Non-Payment

Collection action, as described in the ARHS Billing and Collections Policy, may begin if a financial assistance application and/or payment is not received timely.

In brief, Appalachian Regional Healthcare System will make certain efforts to provide patients with information about our financial assistance policy before we or our agency representatives

take certain actions to collect your bill (these actions may include civil actions, debt sales, or reporting negative information to credit bureaus).

For more information on the steps Appalachian Regional Healthcare System will take to inform uninsured patients of our financial assistance policy and the collection activities we may pursue, please see ARHS Billing and Collections Policy.

You can request a free copy of this full policy in person at any of our facilities, or by mail by calling us at 828-262-4110 or mailing a request to 155 Furman Road Suite 101, Boone, NC 28607 or online here: [www.apprhs.org](http://www.apprhs.org)

#### (E) Presumptive Eligibility

If patients fail to supply sufficient information to support financial assistance eligibility, Appalachian Regional Healthcare System may refer to or rely on external sources and/or other program enrollment resources to determine eligibility when:

- Patient is homeless
- Patient is eligible for other unfunded state or local assistance programs
- Patient is eligible for food stamps or subsidized school lunch program
- Patient is eligible for a state-funded prescription medication program
- Patient's valid address is considered low-income or subsidized housing
- Patient receives free care from a community clinic and is referred to hospital for further treatment.

Appalachian Regional Healthcare System also uses DCS Global, Inc, an eligibility vendor, to help identify patients who may be eligible for financial assistance under this policy or through other public and private programs.

Appalachian Regional Healthcare System may also use previous financial assistance eligibility determinations as a basis for determining eligibility in the event that the patient does not provide sufficient documentation to support an eligibility determination. Financial assistance applications on file at Appalachian Regional Healthcare System may be used for a time period of up to 12 months after the date of submission.

All patients presumptively determined to be eligible for less than the most generous amount of assistance available under this policy (free care) will be informed about how the discount amount was calculated and given a reasonable amount of time to submit an application for further financial assistance.

#### (F) Eligible Providers

In addition to care delivered by Appalachian Regional Healthcare System, emergency and medically necessary care delivered by the providers listed below is also covered under this financial assistance policy:

Watauga Medical Center  
Charles A. Cannon, Jr Memorial Hospital  
Appalachian Healthcare Medical Associates  
Wake Forest Emergency Room Physicians

Care provided by any of the providers listed below at a Appalachian Regional Healthcare System facility will NOT be covered under this policy since they are not employed by Appalachian Regional Healthcare System. As such, the bills received by Appalachian Regional Healthcare System patients for care provided by any of the following providers will NOT be eligible for the discounts described in this financial assistance policy.

The Foley Center at Chestnut Ridge  
Watauga Radiology Associates  
Watauga Pathology Associates  
Watauga Anesthesiology  
Watauga Surgical Group  
DJO for medical devices not billable under the Eligible Providers

Patients concerned about their ability to pay for services or who would like to learn more about financial assistance or interest free payment plans should contact the Patient Financial Services Department at 828-262-4110.