

# BAPTIST

## OPERATIONS MANUAL

<b>Effective Date:</b> August 1, 2004	Charity, Uninsured, and Indigent Policy
<b>Last revision:</b> June 1, 2007; March 3, 2008, April 1, 2009	
<b>Reference #:</b> S.FINANCE	

**Policy:** Baptist is committed to treating all patients equitably, with dignity, respect and compassion. Baptist provides services in anticipation of payment by the patient and/or guarantor for services rendered. Baptist determines eligibility for financial assistance and assists patients to qualify for available payment sources upon receipt of required financial information and other documentation from the patient. Baptist offers patients who qualify for financial assistance, a reasonable variety of payment options or terms for payment, including partial payment. Baptist utilizes payment procedures for uninsured or medically underinsured, which take into consideration other payment arrangements with insurance companies, managed care networks, and government-sponsored programs.

**Purpose:** To establish a mechanism to provide financial assistance to qualifying patients and provide an effective and consistent means of administration. This process will be applied without discrimination.

**Objectives:**

- To fairly apply a charity, uninsured and indigent policy
- To identify those patients in need of financial aid
- To document a patients liability for services
- To establish a methodology for collection of liabilities assigned as a result of this policy

**Scope:** All Baptist entities, excluding Baptist Minor Medical Facilities and Baptist employed private practice physicians.

**Definitions:**

*Indigent Care* - Care provided to those patients whose gross income is at or below poverty based upon the poverty guidelines

*Uninsured* - Patients for whom no third party is responsible for their medical claims

*Medically Underinsured* – Any insured patient having incurred out of pocket liability, which exceeds \$10,000 in a single encounter. For mother and newborns, both accounts should be combined as a single encounter.

*Non-Covered Services –*

- Special promotion/package priced procedures which have reduced or special pricing arrangements associated with them.
- Cosmetic surgery performed purely for the purpose of enhancing one's appearance.
- The following major organ transplant surgeries:
  - Kidney
  - Liver
  - Heart
  - Lung
  - Pancreas
  - Intestine
  - Heart/Lung
- Left Ventricular Assist Device and related procedure.
- Tubal Reversal procedure.
- Male Implant procedure.

*Charity Care* - Provision of help or relief to those uninsured patients whose gross income is above poverty based upon the poverty guidelines.

*Discount* - To anticipate and make allowance from, deduct or subtract from the gross charges

*Family* - A family is a group of two or more persons related by birth, marriage, or adoption who live together; all such related persons are considered as members of one family. For instance, if an older married couple, their daughter and her husband and two children, and the older couple's nephew all lived in the same house or apartment; they would all be considered members of a single family.

*Unrelated individual* - An unrelated individual is a person (other than an inmate of an institution) who is not living with any relatives. An unrelated individual may be the only person living in a house or apartment, or may be living in a house or apartment (or in group quarters such as a rooming house) in which one or more persons also live who are not related to the individual in question by birth, marriage, or adoption. Examples of unrelated individuals residing with others include a lodger, a foster child, a ward, or an employee.

*Family Unit* - "Family unit" is not an official U.S. Census Bureau term, although it has been used in the poverty guidelines Federal Register notice since 1978. As used here, either an unrelated individual or a family (as defined above) constitutes a family unit. In

other words, a family unit of size one is an unrelated individual, while a family unit of two/three/etc. is the same as a family of two/ three/etc.

*Series Account* – Series accounts are those accounts which represent the same services received in multiple encounters by single patient in a 30 day period which are for the same diagnosis and ordered by the same physician.

*Out of Pocket Estimator* – The BMHCC electronic estimator available on the BMHCC Intranet, to be utilized in estimating the patient out of pocket cost associated with their procedure and for requesting payment by the patient prior to the service.

**Procedure(s):**

**This policy is dependant upon the patient providing requested information necessary for determining eligibility.**

- I. Identify patients with no third party liability
  - A. Verify that the patient has no insurance coverage
    1. After full disclosure of all third parties who are responsible for claim payment, if the patient is deemed medically underinsured (patients having incurred an out of pocket liability which exceeds \$10,000 in a single encounter), they are eligible for a 30% discount on their out of pocket liability in excess of \$10,000.
      - a) For mother and newborns, both accounts should be combined as a single encounter for applying this discount.
      - b) Series accounts as defined in this policy should be combined for applying this discount
    2. If the patient is requesting non-covered services (as defined herein), this policy does not apply
  - B. Verify that the treatment is not for a work related accident
  - C. Verify that treatment is not for an auto accident
  - D. Verify that the patient is not currently in custody of a correctional facility
  - E. Verify that the patients Medicare/Medicaid/TennCare benefits have been exhausted
  - F. Verify that the patients primary residence is not outside the US
  - G. Provide the patient with the Financial Evaluation Form and request that they complete and return it with supporting documentation within thirty days.
  - H. Obtain patients signature on the Receipt of Financial Evaluation Form.

- II. Identify whether the patient qualifies under this policy
- A. Ensure that the designated third party qualifier has evaluated the patient and determined that the patient does not qualify for federal, state or local assistance programs.
  - B. Upon receipt of the Financial Evaluation Form from the patient ensure that the form is complete and all necessary supporting documentation is present.
  - C. If the Financial Evaluation Form is incomplete or lacks the necessary supporting documentation, notify the patient and request the missing information. If the patient is unable or unwilling to provide the necessary financial documentation, the patient will receive a 36% discount off their total charges and not be eligible for any further discounts identified in this policy and the account will continue to follow the standard collection process.
- III. Determine the uninsured patient's financial status
- A. If Baptist has determined a patient's financial status in the previous 90 days it does not need to be determined again. New information is not required.
  - B. Patients who have not qualified for discounted care may reapply again within 30 days
  - C. Income used to compute financial status:
    - 1. Money income: Includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, disability payments, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources. When calculating income from any of the proceeding sources use the gross amount.
    - 2. Noncash benefits (such as food stamps and housing subsidies) do not count
    - 3. If a person lives with a family, add up the gross income of all family members.
      - a) Non-relatives, including housemates, do not count.
      - b) A child who is a full-time student away from home in an accredited college can be counted .
      - c) Minor children's earned wages should not be included in determining income.
      - d) Court-ordered or state/federal issued assistance related to a minor should be included in determining income.

4. Primary residence of individuals claimed in a family unit should be verified using tax returns or Federal, State or Governmental court documents indicating residency.

D. Measure of need (poverty thresholds):

1. Poverty thresholds are the dollar amounts used to determine poverty status
2. Each person or family is assigned one poverty threshold. Thresholds vary according to size of family.

E. Documenting Income:

1. In order to accurately substantiate the family income, any of the following documents may be utilized. Always use gross income for determining the patient's financial status. Most recent income information is given priority in determining financial status therefore, attempt to obtain the following documents in this order:
  - a) Pay stubs for the last 3 months
  - b) Income tax return for the previous year
  - c) W2 Form
  - d) State/Federal Assistance Documents
  - e) Bank Statements

F. Computation:

1. If total family gross income is less than the threshold appropriate for that family unit;
  - a) The family unit is eligible for Indigent care
  - b) All members of the family unit are eligible for Indigent care
  - c) For individuals who do not live with family members, their own gross income is compared with the appropriate threshold
2. If total family gross income equals or is greater than the threshold, the family (or unrelated individual) is not eligible for indigent care but may qualify for charity care

G. Example:

1. Family A has five members: two children, their mother, father, and great aunt
2. Their threshold is \$22,030 based upon 2004 federal guidelines:
  - a) Estimated members' incomes:

Mother:	\$10,000
Father:	5,000
Great-aunt:	10,000
First child:	0
Second child:	<u>0</u>
Total family income:	\$25,000
  - b) Compare total family income with their family's threshold
  - c)  $\text{Income} / \text{Threshold} = \$25,000 / \$22,030 = 1.13$
  - d) Since their income was greater than their threshold, Family A is not eligible for indigent care but does qualify for charity care as established in this policy.

IV. Identify whether uninsured patient is able or partially able to pay for services

Sliding scale to determine patient's ability to pay:

<u>% of Poverty</u>	<u>Discount from charges</u>	<u>Classification</u>
Below Poverty	100%	Indigent
100-119%	100%	Charity Care
120-139%	90%	Charity Care
140-169%	80%	Charity Care
170-199%	70%	Charity Care
200-299%	40%	Charity Care
In Excess of 299%	36%	Charity Care

V. Identify whether the uninsured or medically underinsured patient is eligible for payment arrangements

To be eligible for payment arrangements the patient must meet the following guidelines in respect to income and bill amount. Coordination of payment arrangements must be requested by the patient in person or by telephone.

<u>Total Balance</u>	<u>Term of Payment Arrangements</u>	
	<u>120%-299%</u>	<u>300% and Above</u>
<\$250	90 days	45 days
\$251-\$750	5 months	3 months
\$751-\$1,500	8 months	6 months
\$1,501-\$3,000	14 months	12 months
\$3,001-\$5,000	20 months	18 months
>5,000	26 months	24 months

VI. Identify whether uninsured or medically underinsured patient is eligible for prompt pay discount

A prompt pay discount which is linked to the time required to remit payment is available to uninsured and medically underinsured patients. The known liability amount must be paid in full to be eligible for this discount. Arrangement for a prompt pay discount must be requested by the patient in person or by telephone.

<u>Receipt of payment</u>	<u>Discount from</u>
<u>Received</u>	<u>Patient Liability</u>
On or within 14 business days after Final Bill Date	10%
Within 21 business days after Final Bill Date	5%
Within 30 business days after Final Bill Date	3%