

GUIDELINES FOR FINANCIAL ASSISTANCE AND CHARITY CARE IN WEST VIRGINIA HOSPITALS

Introduction

West Virginia hospitals are committed to caring for patients 24 hours a day, seven days a week, regardless of ability to pay.

Every day, West Virginia hospitals treat patients who lack health insurance coverage. Last year alone, West Virginia hospitals provided over \$400 million in uncompensated care. Hospitals are committed to serving patients whether or not they can pay for part or all of the essential care they receive. Hospitals are committed to treating all patients with compassion, from the bedside to the billing office.

Access to quality health care is predicated, in part, on the financial health of those who provide care, and the financial health of West Virginia's hospitals is precarious. That is why it is crucial that West Virginians have health insurance and that all payers accept the responsibility for the true cost of care. WVHA and its member hospitals renew their commitment to advocate for expanding health care coverage for all West Virginians.

The following principles and guidelines are intended to communicate what patients can expect from their hospitals, as well as what hospitals expect from their patients:

Principles

- Hospitals should have financial aid policies that are consistent with the mission and values of the hospital and that consider each individual's ability to contribute to the cost of his or her care and the hospital's financial ability to provide the care.
- Fear of the cost of services should never get in the way of a patient receiving essential health services. Hospitals should convey this message to prospective patients and local community service agencies.
- Financial aid policies should be clear, understandable, and communicated in a manner that is dignified and in languages appropriate to the communities and patients served.
- Debt collections policies—by both hospital staff and external collections agencies—must reflect the mission and values of the hospital.
- Financial aid policies do not eliminate personal responsibility. Eligible patients are expected to access public or private insurance options in order to qualify for financial aid. All patients are expected to contribute to the cost of their care based on their individual ability to pay.

- Financial assistance provided by the hospital is not a substitute for the responsibility of government and employers to provide reasonable ways to improve access to health care coverage, or for government to adequately fund coverage for participants in government health care programs.

Guidelines

Eligibility for Financial Aid

Financial aid is intended to assist those low-income, uninsured individuals who do not otherwise have the ability to pay full charges as determined under the hospital's qualification criteria. It should take into account each individual's ability to contribute to the cost of his or her care.

Consideration should also be given in providing financial assistance on a case-by-case basis to patients who have exhausted their insurance benefits and/or who exceed financial eligibility criteria but face extraordinary medical costs. Hospital financial aid is not a substitute for employer-sponsored, public, or individually purchased insurance.

All hospitals should have written policies that, at a minimum:

- Clearly state the eligibility criteria to receive financial aid.
- Ensure that financial assistance will be provided to the lowest income individuals—such as those below 200% of the Federal Poverty Level (FPL)—with collections practices that recognize the limited financial capacity of those individuals. Hospitals may consider providing financial assistance to those with higher incomes and may establish collections policies and practices based on those patients' ability to pay.
- Explain whether and how personal assets will be used in determining eligibility for assistance.
- Define the type and scope of essential services that qualify for financial aid.

While it is incumbent upon hospitals to have and equitably implement financial aid policies for those patients with limited resources, it is also true that financial aid applicants must cooperate with the hospital's need for accurate and detailed financial information. Therefore, the hospital should make clear that any patient seeking financial aid must comply with hospital assistance application requirements, including the production of necessary documents, and will provide the hospital with any and all financial and other information needed to enroll in a publicly sponsored insurance program (e.g., Medicaid or CHIP), if required. If the patient is eligible for public assistance, hospitals may consider requiring a patient to apply for public assistance, before considering his/her eligibility for charity care assistance.

Discount/Payment Policies

Hospitals' policies for offering payment discounts to eligible patients should reflect the mission and values of the organization. Hospitals should determine what discounts are available to patients in a reasonable and consistent manner based on what low-income patients can afford to pay. Hospitals may apply discounts to fixed standards (e.g., related to Medicaid or third-party payer rates, etc., federal rules and regulations permitting) as opposed to charges; or, hospitals may choose to continue to rely on discounts from charges, ensuring that discount scales are regularly monitored and adjusted to ensure that the resulting discounted charge is consistently applied to all eligible patients.

These policies should:

- Incorporate flexible payment plans (e.g., extended payment terms) as appropriate.
- State if a minimum payment is required.
- Be evaluated on a regular basis.
- Specify the type and scope of essential services that qualify for any discount.

Implementation

In order to properly implement financial aid policies, hospitals will want to address three issues: (1) determine how the policy will be communicated to patients; (2) identify and designate appropriate staff to administer the policy; and, (3) administer the policy fairly, respectfully, and consistently

Communicate the Availability of Financial Aid

- Communications to the public regarding financial assistance should be written in consumer-friendly terminology and in a language that the public can understand. (See attached suggested sample notice of financial aid availability for use in circumstances where patients seek financial aid or otherwise as appropriate.)
- Make information available to patients about the availability of financial aid and how to obtain further information and apply for financial aid.
- Information on financial assistance policies should be made readily available to patients by way of brochures, the hospital's website, and other means with instructions on how to apply or obtain further information.
- Patients should be informed about their responsibilities, the potential financial obligation they may incur, their obligations for completing eligibility documentation, and the hospital's bill collections policies.

- Patients should be referred to a financial counselor or provided with assistance regarding applying for Medicaid, CHIP, or other available assistance programs. In addition, hospitals should inform patients about their responsibility to obtain available insurance.

Educate and Train Staff to Meet the Expectations of the Hospital

- Hospitals should provide training to staff that interact with patients about financial aid availability, how to communicate that availability to patients, and how to direct patients in finding appropriate financial aid assistance.
- Staff should treat applicants with courtesy, confidentiality, and cultural sensitivity.
- Translation services should be available as needed.

Administer Financial Aid Policies Fairly, Respectfully, Consistently

- Policies should be reasonable, simple, respectful, and promote appropriate access to care and responsible utilization of services.
- Documentation requirements should be easy to follow (e.g., require documents such as pay stubs, tax returns, mortgage papers, rent receipts, etc.).
- Make correct, timely, and consistent financial aid decisions.

Collections Policy

Although clear and consistent financial aid policies will go far toward promoting access to care and minimizing bad debts, hospitals must have collections policies that reflect the mission and values of the hospital. Hospitals are also accountable for ensuring that debt collections activities exercised by outside collections agencies conform to their mission, values, and directions.

The following policies are recommended:

- Hospitals should work with the patient to establish a reasonable payment plan.
- Legal action, including the garnishment of wages, may be taken by the hospital when there is evidence that the patient or responsible party has income and/or assets to meet his or her obligation.
- Hospitals should not force the sale or foreclosure of a patient's primary residence to pay an outstanding medical bill, unless there is clear evidence that the patient or responsible party has other income or assets to meet their obligation and/or refuses to make alternative payment arrangements.

- Before making a collection agency assignment, hospitals should ensure reasonable efforts were undertaken to ensure that financial assistance was offered and/or if financial assistance is appropriate
- Hospitals will direct collections agencies with which they do business to follow these guidelines.

Accountability/Advocacy

- The hospital Governing Board should be familiar with the details, as well as the administration, of the hospital's financial assistance/charity care policy.
- The hospital's financial assistance/charity care policy shall be reviewed with the Governing Board annually and, as appropriate, the board should determine if additional guidelines or changes are required.
- Hospitals should share information on the availability of hospital financial aid/charity care policies with community service agencies.
- Hospitals are committed to working with government, payers, business, consumer groups, and others to address the underlying problem that too many West Virginians lack health insurance.
- Hospitals are committed to ensuring that Governmental payors like Medicare, Medicaid, and PEIA pay the full cost of providing care for enrollees.

Model Patient Notice of Financial Aid

[NAME OF HOSPITAL] is proud of its mission to provide quality care to all who need it, 24 hours a day, 365 days a year.

If you do not have health insurance and worry that you may not be able to pay in full for your care, we may be able to help. [NAME OF HOSPITAL] provides financial aid to patients based on their income, assets, and needs. In addition, we may be able to help you get free or low-cost health insurance or work with you to arrange a manageable payment plan.

It is important that you let us know if you will have trouble paying your bill; federal and state laws require all hospitals to seek full payment of what they bill patients. This means we may turn unpaid bills over to a collections agency, which could affect your credit status.

For more information, please contact [NAME OF PERSON] in our financial counseling office at [PHONE NUMBER]. We will treat your questions with confidentiality and courtesy.

Contact:

West Virginia Hospital Association
100 Association Drive
Charleston, WV 25311
Phone: (304) 344-9744
Fax: (304) 344-9745
www.wvha.org

