



Who Me?

- Shawn K. Gretz
VP of Sales for Americollect and AmeriEBO

I am not a lawyer, nor do I play one on TV, and I did not stay at a Holiday Inn last night. People seeking legal advice should always consult with an attorney.



Who We Are:





60 hours per record keeper of up-front time to update information systems and draft and amend policies, procedures, and template billing statements and notifications, plus 15 hours per record keeper per year for each of three years to implement the collection of information requirements. This results in a total of 105 hours over a three-year period. (Page 6)





Page Numbers, Smiley, & Examples



This is an example ☺





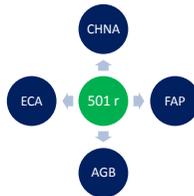
Prepublication Documentation

- If you would like a copy of the prepublication documentation that the IRS released on December 29, 2014, please email me at shawn@americollect.com



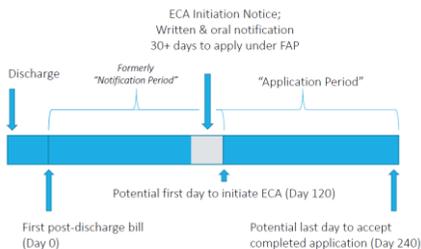
Background – 501(r)

- 501(r)(4) – Financial Assistance Policy (FAP)
- 501(r)(5) – Amount Generally Billed– (AGB)
- 501(r)(6) – Extraordinary Collection Actions – (ECA)



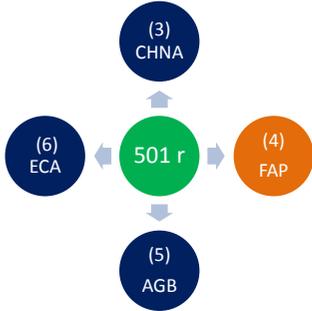


Offering Financial Assistance Timeline!





501(r) 4 Financial Assistance Policy





501r 4 - What We Are Going to Cover Today!

1. Changes to make to the Financial Assistance Policy (FAP)
2. Plain Language Summary
3. Widely Publicize



Prior Applications

How long will your hospital still allow a prior eligibility determination to be used?

Prior FAP can be used if your FAP describes whether and under what circumstances they **use prior FAP-eligibility** determinations. (Page 82) The criteria needs to be described in your FAP.



Date Qualified

Hospitals may use the **service date**, the **application date**, or some other date to assess eligibility. Whatever period the hospital chooses should inform how the hospital designs its FAP application.

An Individual Financial Situation can change in 240 days!



Examples

Example 1: Each patient has the opportunity to apply for financial assistance prior to treatment, and throughout the Application Period. The need for financial assistance shall be re-evaluated at each subsequent **time of service** if the last financial evaluation was completed more than **6 months prior**, or at any time additional information relevant to the eligibility of the patient for financial assistance becomes known.

Example 2: A determination of financial assistance will be effective for a period of up to 6 months from the **date the application** was approved and will **include all outstanding receivables including those at bad debt agencies**.





Examples

My Suggestion:

A determination of financial assistance will be effective for a period of up to 6 months **include subsequent emergent or medically necessary care** from the **date the application** was approved and will **include all outstanding receivables including those at bad debt agencies unless a payment has been applied on the account**. A change in financial situation or the addition of third party payer eligibility may alter the approval period and require further review.



FAP Examples

Why do I think this is the Best!

include subsequent emergent or medically necessary care

Qualifies only emergent or medically necessary care so a patient doesn't come in to rack up all kinds of free care.

This is an example!

FAP Examples

Why do I think this is the Best!

date of application

Current financial situation into account.

This is an example!

FAP Examples

Why do I think this is the Best!

include all outstanding receivables including those at bad debt agencies unless a payment has been received on the account.

- All outstanding receivables (internal)
- Bad debt (external)
- Unless a payment has been applied (no refunds!)

This is an example!



Presumptive Determinations

Will your hospital facility use presumptive determinations?

The final regulations require a hospital facility to describe in its FAP any information obtained from sources other than individuals seeking assistance that the hospital facility uses (Page 82 & 216) **The criteria needs to be described in your FAP.**

Hospital facilities are **not prohibited from using third party information sources** and prior FAP- eligibility determinations to try to predict which of its patients are unlikely to be FAP-eligible (Page 165)



Presumptive Determinations

Three Kinds

- Third Party Information: Bankruptcy & Deceased No Assets.
- Demographic Scrub – No hit to the credit bureau (what kind of vehicle do you drive, size of your house, fishing or hunting license, and magazines you subscribe to).
- Credit Check – Soft Hit (only can be seen by the patient) to the Credit Bureau. Can use this but is discouraged from requesting information or documentation that is unreasonable or unnecessary to establish eligibility. (Page 83)



Presumptive Determinations

Less than Most Generous: (Page 163)

The IRS expanded presumptive eligibility guidelines in the Final Regulations. While hospitals may still provide the most generous assistance to presumptive FAP-eligible individuals, the Final Regulations let hospitals determine if an individual qualifies for "less than the most generous assistance" under its FAP based on information other than that provided by the individual or based on a prior FAP eligibility determination. But hospitals must give these individuals an opportunity to demonstrate that they qualify for more generous assistance. Specifically, the following conditions must be met:

1. The hospital must notify these presumed FAP-eligible individuals about how they can apply for more generous assistance under the FAP.
2. The hospital must give them a reasonable amount of time to apply before initiating ECAs to obtain any outstanding amounts.
3. The hospital must otherwise comply with the "reasonable efforts" requirements if a presumed FAP-eligible individual requests more generous assistance by completing a FAP application. (Page 164)

 **Presumptive Determinations**

No, No - Presumptive Determinations for Ineligibility:
(Page 163)

- Cannot use presumptive determinations for ineligibility. (Page 164) Hospitals might consider using presumptive determinations to assess which patients are *unlikely* to be FAP-eligible, as ECAs taken against such individuals carry less risk of having to be unwound during the application period.

 **Presumptive Determinations**

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(Page 163)

- Cannot use presumptive determinations for ineligibility. (Page 164) Hospitals might consider using presumptive determinations to assess which patients are *unlikely* to be FAP-eligible, as ECAs taken against such individuals carry less risk of having to be unwound during the application period.

 **Example of Presumptive**

Example 1: XXX may utilize a third-party to conduct an electronic review of patient information to assess financial need. This review utilizes a healthcare industry-recognized model that is based on public record databases. This predictive model incorporates public record data to calculate a social-economic and financial capacity score that includes estimates for income, assets and liquidity.



FAP Example of Presumptive

Example 2: Presumptive Financial Assistance Eligibility. XXX Health provides 100% financial assistance for medically necessary treatment under the presumptive guidelines that the patient:

- A. is uninsured and has an estimated family income of less than 200% FPL, and a Health Care Credit score of less than 620 as determined by externally available data sources such as credit agencies; or
- B. is Homeless or received care from a homeless clinic; or
- C. is deceased with no known estate; or
- D. has been approved by the court for bankruptcy



FAP Example of Presumptive

My Suggestion!

Presumptive Financial Assistance Eligibility: XXX Hospital recognizes that some patients will be unable or otherwise unresponsive to traditional FAP processes; and in an effort to remove barriers for these patients and improve community benefits, the hospital will utilize public record and/or an electronic screening process after all other funding sources have been exhausted; and that the information returned via this electronic screening will constitute adequate documentation under the Hospital's policy. Below are the six cases of presumptive eligibility:

- A. Patients without any third party coverage and without the ability to qualify for third party coverage will be scored through PARO estimates (score, Federal Poverty Level estimates, and asset indicators) at the date the account is determined self pay. PARO estimates may be used to determine accounts eligible for full discount or partial discount based on financial need.
- B. Patients listed for collections will be scored through a credit bureau. All accounts that score below 499 that have no payments will be qualified for financial assistance.
- C. Patient is homeless or received care from a homeless clinic; or
- D. Patient is deceased with no known estate; or
- E. Patient has been approved by the court for bankruptcy estate.
- F. Patient is receiving Supplemental Nutrition Assistance Program (SNAP).





FAP Oral Application

Will you allow your financial counselors to use oral communications to complete an application?

The final regulations amend the definition of "FAP application" to clarify that the term is not intended to refer only to written submissions and that a hospital facility may obtain information from an individual in **writing or orally** (or a combination of both). (Page 81)

 **Documents**

Request Documents in your FAP!

Documentation: Is your Financial Assistance Application and Policy requesting any financial documentation?

If you do not request any documentation you cannot deny based upon lack of documentation. (Page 80)

 **Documents**

Request Documents in your FAP!

"Reliable evidence" for FAP includes:

- Federal Tax Return
- Paystubs
- Documents establishing qualification for certain specified state means-tested programs
- Suggestion: **If these are not available, the patient may call the hospital's financial assistance office to discuss other evidence they may provide.** (Page 81)

 **Documents**

Request Documents – Assets:

- Health Professional Shortage Areas (HPSAs) – requesting asset information on a FA may disqualify your physicians for repayment of medical school loans.

ONLY for rural hospitals that apply for HPSA.

 **Specify Eligibility**

Did you specify the eligibility criteria (free or discounted care) for receiving financial assistance under the FAP? (No requirements on how to check eligibility, but do need to describe in your FAP)

 **Specify Eligibility**

Federal Poverty Guideline:

Example 1:

- Qualifying income for elimination of all financial liability (**free care**) for amounts otherwise owing will be 250 percent of poverty as defined by the current FPG as published annually by the Department of Health and Human Services.

 **AGB**

AGB: Does your organization's FAP disclose your AGB? (Page 217)

Does your organization's FAP state that:

FAP-eligible individual may not be charged more than the AGB for emergency or other medically necessary care? (Page 217)

Specify the Amount(s): Did you specify the amount(s) (example - gross charges) to which any discount percentages will be applied.

 **NO - AGB**

What if you only gave away 100% discount and NO sliding scale?

Spectrum in Michigan is doing this.

 **Physicians on FAP**

Did you create a list of all physicians (separate practices) that provide emergency or other medically necessary care in the hospital facility and specify which providers are **covered by the hospital facility's FAP and which are not?** (Page 23,76, & 216)

 **Physicians on FAP**

6 UPDATES: On June 26, 2015, the Internal Revenue Service (IRS) released Notice 2015-46, which clarifies the requirement in the Treasury Regulations under Section 501(r)(4)

1. A hospital **may list in its FAP the name of a physician practice group** instead of the name of each individual doctor and the services of the practice group that are covered by the FAP and which are not. A hospital also may list providers by referencing a department or type of service if it is clear which services and providers the FAP covers.
2. A hospital **may describe in its FAP the circumstances** under which the emergency or other medically necessary care delivered by the provider will and will not be covered by the FAP.
3. The provider list does not need to indicate whether a provider's services are, or may be, covered by another hospital entity's FAP or program.

FAP Physicians on FAP

6 UPDATES - cont...

- 4. Subject to certain conditions, the provider list may be contained in a separate document from the FAP, such as in an addendum or **appendix to the FAP**.
- 5. **If only the provider list is changed**, a hospital's authorized body is not required to re-adopt the FAP again.
- 6. If a hospital updates the **list of providers at least quarterly**, it will be considered to have taken reasonable steps to ensure the accuracy of the list and corrected any minor omissions or errors on the list, which are requirements of the regulations.

FAP APPENDIX

- Your New Best Friend!

- 1. Look back - AGB
- 2. Physician List - Updated Quarterly
- 3. Federal Poverty Guidelines



FAP Not Covered

What isn't Covered by Financial Assistance:

Does your FAP clearly state that non-emergency and non-medically necessary care will not be covered under your FA? (Page 122) If not, then 501(r) (5) applies and the use of gross charges cannot be used for elective procedures.

Medicaid Definition?

 **Not Covered**

Example 1:

Services not eligible for financial assistance include the following:

1. Elective procedures not medically necessary, as well as services typically not covered by Medicare or defined by Medicare or other health insurance coverage as not medically necessary.
2. Services received from care providers not employed by XXX (e.g. private and/or non – XXX medical or physician professionals, ambulance transport, etc.) Patients are encouraged to contact these providers directly to inquire into any available assistance and to make payment arrangements. *See Appendix 3 for full listing of providers not covered under this policy.*
3. Deductibles and coinsurance associated with medically necessary services provided to patients out-of-network as defined by their insurers.

 **Suggestions!**

The following four slides are just suggestions and not required under 501r

 **Community/Residency**

To uphold our mission of improving the health of the communities we serve, XXX Health will limit consideration for financial assistance to applicants that reside within the communities we serve. Exception may be made to patients seeking emergent or medically necessary care not available within another healthcare provider’s service area.



Third Party Payers Exhausted

Example 1:

XXX Health reserves the right to investigate, verify, interview and request assignment of:

- A. All benefits from any third party insurance source;
- B. All benefits from state or federal assistance programs for which the patient/guarantor may be eligible;
- C. All benefits from any charity organization; and/or

D. Pending Litigation.

Financial assistance is the account resolution process of last resort. As such, a patient/guarantor must fulfill all responsibilities under any of the above applicable programs or use available personal resources prior to qualifying for financial assistance. A patient/guarantor's failure to produce the requested information or participate in one of the above programs may result in denial of financial assistance.



Uninsured Discount

(Additional - 990 Financial Assistance Bucketing)

Example 1:

Uninsured Discount: Patients with no third-party coverage will be provided a 25% uninsured discount at the time that the undiscounted charges are rendered. This applies to patients with no coverage for payment from health care insurance and/or other third party payers. Patients, or patient guarantors, granted the uninsured discount, are not precluded from applying and qualifying for additional financial assistance provided herein.



Catastrophic Care

Example 1:

- Catastrophic Care: XXX patients not meeting financial assistance eligibility thresholds may be eligible for assistance under circumstances when XX medical bills would result in severe financial hardship. Patients, or their guarantors, may be eligible for catastrophic care assistance if they have incurred out-of-pocket obligations resulting from medical services provided by XXX that exceed 25% of family income and have assets below the equivalent of 600% of the FPL threshold.

Patients, or patient guarantors, meeting eligibility criteria for catastrophic care will have their XXX charges discounted to an amount not to exceed 25% of family income.



Catastrophic Care

Example 2:

Catastrophic Discounts. Patients may be eligible to receive a discount on a case-by-case basis based on their specific circumstances, such as catastrophic illness or Medical Indigence, at the discretion of XXX Health. In such cases, other factors may be considered in determining their eligibility for discounted or free services, including:

1. Bank accounts, investments and other assets
2. Employment status and earning capacity
3. Amount and frequency of bills for health care services
4. Other financial obligations and expenses
5. Generally, financial responsibility will be no more than 25% of gross family income.
6. Attestation(s) for income/support to assist in determining FPL, in the case of missing documents ("Declaration of Income/Supporter Statement")
7. Credit report(s)



Plain Language Summary

What is a Plain Language Summary:

A document containing a simple explanation of financial assistance. This document will be used in three ways:

1. Mailed (Maybe with Final Notice): Required In only one post-discharge bill and only to those subset of patients whom the hospital facility actually intends to engage in extraordinary collection actions. (Page 5) – **BACKER of Statement.**
2. Conspicuous Public Displays
3. Available at Admissions and Emergency Department - FREE



Plain Language Summary

What is required on the Plain Language Summary?

- (1) The direct Web site address and physical location(s) where the individual can obtain copies of the FAP and FAP application form; and
- (2) physical location of hospital facility staff who can provide the individual assistance about the FAP and the FAP application process, or of the nonprofit organizations or government agencies, if any, that the hospital facility has identified as available sources of assistance with FAP application. (Page 94)
- (3) how to apply for financial assistance (page 96)



What other items would you like to add in your plain language summary (example: a statement regarding patient responsibilities)?



Plain Language Summary

Physical Location – For Assistance

- IRS does provide flexibility to describe the physical location in the manner that makes the most sense for the hospital facility.
- IRS did change the final to identify the actual room number and phone number of the appropriate office or department to contact. (Page 96)

Do you have listed who can provide assistance with the FAP application? Will the hospital provide assistance with the FAP application? (Page 96)

- If Yes: List the physical location (Page 95)
- If No: List at least one nonprofit organization or government agency, if any, that the hospital facility has identify as available sources of assistance with FAP application. (Page 95)



Widely Publicized

Widely Publicize – 5 Requirements

1. Paper Copies Available at "Public Locations"

1. emergency department
2. admissions areas
3. "Offer" as part of the intake (outpatient) or
4. "Offer" discharge (inpatient) process are you offering patients about FAP?



Widely Publicized

Widely Publicize – Documents to Have at these Locations -

1. Financial Assistance Application Itself
2. Plain Language Summary
3. Financial Assistance Application
4. Billing and Collection Policy

All four have to be translated at a threshold of 5% of the population or 1,000 individuals, whichever is less



Widely Publicized

Widely Publicize – 5 Requirements

2. Available on Website
3. Conspicuous Written Notice on Every Statement – Telephone Number for Assistance and Direct Website Address Where Copies of Documents may be Obtained.
4. Conspicuous Public Display – Signs that attract visitors of "noticeable size" and in minimum "public locations".
5. Notify and Inform the Community



Q&A
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