

Department-Patient Financial Counseling
Subject-Financial Assistance Policy
Policy#CREDIT-01

Financial Assistance Policy Lehigh Valley Hospital-Hazleton

I. Policy

Consistent with the mission and values of Lehigh Valley Health Network, it is Lehigh Valley Hospital-Hazleton's policy to provide emergency and other medically necessary care to all individuals without regard to their ability to pay for services. This policy is intended to meet the charity care and financial assistance requirements of the Pennsylvania Tobacco Settlement Act, the Pennsylvania Institutions of Purely Public Charity Act, section 501(r) of the Internal Revenue Code, the DPW Medical Assistance Bulletin addressing Hospital Uncompensated Care Program and Charity Care Plans and the Hospital Association of Pennsylvania Charity Care and Financial Aid Guidelines for Pennsylvania Hospitals. This Financial Assistance Policy applies to all individuals who request to participate in the process to evaluate their ability to pay for LVH-Hazleton services. The LVH-Hazleton Financial Assistance Policy incorporates the following principles:

- Uninsured individuals are never expected to pay more than the Amount Generally Billed (AGB) for emergency or other medically necessary care. AGB is determined based on the average payment of private insurers plus Medicare. Individuals must cooperate with LVH-Hazleton in the process to apply for insurance, government assistance or other source of payment.
- Uninsured individuals with family annual income less than 400% of the Federal Poverty Guideline will qualify for Financial Assistance and will be expected to pay an amount less than AGB. LVH-Hazleton will employ the Federal Poverty Guidelines (see Attachment A for qualifying income based on family size) published annually by the U.S. Department of Health and Human Services.
- Insured individuals with a patient responsibility amount owed due to a deductible, coinsurance or copayment are eligible for Financial Assistance if their annual income is less than 300% of the Federal Poverty Guidelines.

Financial Assistance is only available to patients residing in the following PA counties: Luzerne, Carbon, Schuylkill, Columbia, Lehigh, Northampton, Bucks, Montgomery, Berks, Pike, Monroe and Lackawanna.

II. Scope

This policy has been adopted by LVH -Hazleton. The policy applies to all individuals who request to participate in the process to evaluate their ability to pay for LVH services.

Registration staff, Financial Counselors, Patient Accounting staff, Case Management, Lehigh Valley Physician Group and contracted service providers involved in the revenue cycle will have extensive knowledge of the policy and participate in execution of the policy.

III. Definitions

Amount Generally Billed (AGB): AGB is the average amount paid by all private health insurers and Medicare for emergency or other medically necessary patient services. LVH uses the “look back method” as defined in section 501(r)(5)(b)(1) of the Internal Revenue Code. LVH will limit amounts charged for emergency or other medically necessary care provided to individuals eligible for assistance under this policy to not more than AGB. The current AGB for LVH-Hazleton is 22% of gross charges. LVH-Hazleton will update the AGB as necessary.

Coinsurance: A patient payment required by the patient’s benefit plan in order for the patient to share financial responsibility. For example, the insurer will pay 80% of an approved amount, and the coinsurance will be 20%. Coinsurance formulas vary from plan to plan.

Co-payment: The flat fee a patient pays each time they receive medical care. For example, \$20 each time a patient visits the doctor.

Countable Assets: Are liquid assets that are considered available for payment of healthcare liabilities. As defined in the Department of Health and Human Services Medical Assistance Bulletin Hospital Uncompensated Care Program and Charity care Plans countable assets do not include non-liquid assets such as homes, vehicles, household goods, IRA’s and 401(k) accounts. Income used to determine eligibility includes, but is not limited to Wages, Social Security, IRA, Interest, Pension, Disability, Workers Compensation and Unemployment Compensation.

Deductible: The amount a patient must pay each year before their insurance plan is responsible.

Eligibility Period: An applicant’s eligibility period for LVH-Hazleton Financial Assistance is 6 months. Open accounts in a prior 12 month period will be eligible for Financial Assistance. Any patient who was approved for Financial Assistance and receives inpatient, observation, outpatient services, surgery, emergency room, cancer services within the 6 month eligibility period will need to be screened for Medical Assistance eligibility prior to any Financial Assistance forgiveness being applied to the balance due. If a patient’s household income changes during the eligibility period their Financial Assistance determination may change.

Emergency/Medically Necessary Care: Hospitals have three obligations under EMTALA (Emergency Medical Treatment and Active Labor Act):

III. Definitions continued:

1. Individuals requesting emergency care, or those for whom a representative has made a request if the patient is unable, must receive a *medical screening examination* (MSE) to determine whether an emergency medical condition (EMC) exists. The participating hospital cannot delay examination and treatment to inquire about methods of payment or insurance coverage, or a patient's citizenship or legal status. The hospital may only start the process of payment inquiry and billing once they have ensured that doing so will not interfere with or otherwise compromise patient care.
2. When an Emergency Department determines an individual has an EMC, they must provide further treatment and examination until the EMC is resolved or stabilized and the patient is able to provide self-care following discharge, or if unable, can receive needed continual care. Inpatient care provided must be at an equal level for all patients, regardless of ability to pay. Hospitals may not discharge a patient prior to stabilization if the patient's insurance is canceled or otherwise discontinues payment during course of stay.
3. If the hospital does not have the capability to treat the condition, the hospital must make an "appropriate" transfer of the patient to another hospital with such capability. This includes a long-term care or rehabilitation facilities for patients unable to provide self-care. Hospitals with specialized capabilities must accept such transfers and may not discharge a patient until the condition is resolved and the patient is able to provide self-care or is transferred to another facility.

Financial Assistance: A reduction in the patient responsibility amount decreasing the patient responsibility amount to less than the AGB. Financial assistance is available to uninsured patients who participate in the process to evaluate their ability to pay for services and have household income less than 400% of the Federal Poverty Guidelines. Financial Assistance is available to insured patients with deductibles, copayments, coinsurance and non-covered liabilities and has household income less than 300% of the Federal Poverty Guideline. For purposes of this policy, the terms "financial assistance" and "charity care" are used interchangeably.

Financial Hardship or Extreme Hardship: A patient, including individuals in public/private insurance programs, whose deductibles, co-payments, Medical Assistance spend down, medical, or LVH-Hazleton bills after payment is received from third party payers exceeds their ability to pay. This would include patients whose family income exceeds 400% of the Federal Poverty Guidelines and are medically indigent.

Health and Medical Savings Account (HSA): An account established by an employer or an individual to set aside money for medical expenses on a tax-free basis. Any balance remaining at the end of the year may "roll over" to the next year.

LVHN: Includes all entities of Lehigh Valley Health Network.

Non-covered Services: Services not reimbursed by health insurances such as cosmetic surgery, certain dental procedures, Cardiac Rehab Phase III, private room charges if applicable and

certain Bariatric Services; provided however, that medically necessary non-covered services are eligible for financial assistance. (See Attachment E for exclusions.)

Out of Network (OON): Patient's choosing to use LVHN with insurance that is non-participating/contracted with LVHN will not be eligible for Financial Assistance.

Qualifying Income: All sources of patient and qualifying patient family income will be included when determining if the patient qualifies for Financial Assistance. Income includes all components of the patient and spouse's adjusted gross income as stated on the IRS Form 1040.

Underinsured: A patient, including individuals in public/private insurance programs, whose deductibles, co-payments, Medical Assistance spend down, medical, or LVH bills after payment by a third party payer constitutes a financial or extreme hardship. Individuals receiving cosmetic surgery, certain dental procedures, private rooms if applicable, Cardiac Rehab Phase III and certain Bariatric Services that are not medically necessary are not considered underinsured.

Uninsured: A patient who does not have health insurance is not currently covered by any third-party payer program including auto and/or worker compensation, and has no expectation of recovering damages from third parties on account of LVH charges. This includes persons whose coverage is terminated while receiving services at LVH and is individually liable for their bill. Individuals receiving cosmetic surgery, certain dental procedures, private rooms if applicable, Cardiac Rehab Phase III, certain Bariatric Services and services that are not medically necessary are not considered uninsured. Individuals that have a Health Savings Account or a Flexible Spending Account are not considered uninsured.

IV. Provisions

All patients indicating an inability to pay AGB will be assisted in applying for insurance, government assistance or other sources of payment and will be evaluated for eligibility for Financial Assistance under this policy. All applicants will be screened without prejudice and without discrimination.

Both eligibility for Financial Assistance and the amount of Financial Assistance is based on an individual's household income. In situations where the patient is unable to participate in the process to evaluate their ability to pay for services other factors will be considered as evidence of the patient's eligibility for Financial Assistance. Other factors include 1) notification that a deceased patient's estate is insufficient to pay for services, 2) the patient has been screened or has completed a Medical Assistance application indicating income and countable assets determining qualification for Medical Assistance, 3) LVH has evidence the patient has no income due to being incarcerated or 4) the LVH medical record indicates the patient is unable to pay for services. For example, the medical record indicates the patient is homeless.

All sources of patient and qualifying patient family income will be included when determining if the patient qualifies for Financial Assistance. Income includes all components of the patient and spouse's adjusted gross income as stated on the IRS 1040 form.

individuals or 5% of the community served by the hospital the FAP will be made available in that language

Evaluation/Application

Financial assistance applications will be provided to every patient or family member who indicates an interest in financial assistance. (Attachment B) An abbreviated application is available on the back of each patient statement mailer.

Benefits/Verification, Patient Financial Services and Registration Staff will refer uninsured or under-insured Financial Counselors responsible for processing Medical Assistance applications with the Pennsylvania Department of Health and Human Services.

Patients not meeting the Pennsylvania Department of Public Welfare criteria for Medical Assistance will be referred to the LVH Hazleton Financial Counselors for evaluation and participation in the Financial Assistance program.

Financial Counselors will interview patients and secure Financial Assistance applications that include proof of income.

Financial Counselors will determine if the patient qualifies for Financial Assistance and approves or denies the application depending upon the criteria stated in the Income and Adjustment Scale.

If a patient has a claim or potential claim against a third party from which the hospital's bill may be paid, the hospital will defer its Financial Assistance determination pending disposition of the third party claim. If a patient is approved for Financial Assistance, and it is later determined that he/she has or will receive a third party settlement for the injuries for which LVH-Hazleton provided services, that approval will be reclassified and re-evaluated in light of the amount of the patient's recovery.

If a patient is approved for Financial Assistance, the patient is required to notify LVH-Hazleton Patient Financial Services of any claim against, or recovery from, a third party responsible for covering the patient's injuries for which LVH-Hazleton provided care.

In cases of documented extreme hardship, and upon approval of the Hospital Chief Financial Officer, an amount less than the calculated qualifying discount may be accepted to satisfy an individual's obligation. The patient's financial assets and liabilities may be considered in this situation.

Collections

All bills sent to patients will receive a summary of the FAP with their bill. In addition, their statement will show the net amount billed for the services rendered as well as the expected payment or AGB. Payment of all outstanding patient balances will be pursued using standard LVH Hazleton collection practices which include:

- 30 day billing cycle with a total of 4 bills being sent to the patient
- Account balances not on a payment plan or not paid in full after the 120 day billing cycle will be reviewed by Financial Counselors and if deemed uncollectible will be sent to a collection agency
- Financial Assistance application can be completed within the first 240 days of the collection process and will be considered for approval

It is the policy of LVH-Hazleton to pursue collection of patient balances from patients who have the ability to pay for these services. Collection procedures will be applied consistently and fairly for all patients. All collection procedures will comply with applicable laws and with LVH's mission. These collection procedures may include: letters requesting payment, phone calls requesting resolution of the balance, letters indicating the account may be placed with a collection agency

VI. Attachments

- A. LVH-Hazleton Income Guidelines**
- B. Financial Assistance Application**
- C. LVH-Hazleton Income & Adjustment Scale**
- D. Financial Assistance Policy Summary**
- E. Financial Assistance -Exclusions**

VII. Approval

Signature	<u>Chairman, Board of Directors</u> Thomas Kennedy	Date
Signature	<u>Chief Financial Officer</u> William Bauer	Date
Signature	<u>President</u> John Fletcher	Date

VIII. Policy Responsibility

Department of Revenue Management and Department of Patient Financial Services

This policy will be updated when necessary for changes in the Federal Poverty Guidelines. Substantive policy changes will be reviewed and approved by the Hospital Board.

IX. References

Act 77 of 2001 - Pa. Tobacco Settlement Act

Act 55 of 1997 - The Institutions of Purely Public Charity Act

Section 501(r) Internal Revenue Code

Pennsylvania Department of Public Welfare, Medical Assistance Bulletin

01-10- 24, Hospital Uncompensated Care Program and Charity Care Plans

HAP – Charity Care and Financial Aid Guidelines for Pennsylvania Hospitals

Federal Poverty Guideline – Federal Uncompensated Care and Uncompensated Services

Program Bulletin, issued annually

X. Disclaimer Statement

This policy and the implementing procedures are intended to provide a description of recommended courses of action to comply with all federal, state and local statutory or regulatory requirements and/or operational standards including but not limited to: The Patient Protection and Affordable Care Act of 2010, EMTALA, Act55 and 501 (r). It is recognized that there may be specific circumstances, not contemplated by laws or regulatory requirements that make compliance inappropriate. For advice in these circumstances, consult with the departments of Risk Management and/or Legal Services.

XI. Date

Origination: November 1998

Reviewed/Revised: January 2014

Reviewed/Revised: June 2016

Reviewed/Revised: January 2018