



HILLSBORO AREA HOSPITAL

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**TYPE OR DEPARTMENT:** Business Office  
**TITLE/DESCRIPTION:** Charity Care/Uninsured Financial Assistance Policy  
**FILING NUMBER:** BO – 071-0020  
**EFFECTIVE DATE:** July 1, 2016  
**RECOMMENDED BY:** Susan Rikli, Credit and Collection Counselor  
**DATE OF LAST REVIEW:**  
**DATE OF LAST REVISION:**  
**APPROVED BY:**  
**APPROVAL DATE:**

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**PURPOSE:**

To identify and document the distribution of indigent funds and the extent to which hospital resources are being used in caring for those unable to pay for service.

**SCOPE:**

Hospital wide.

**POLICY:**

- 1.1. Hillsboro Area Hospital provides inpatient and outpatient health care to eligible patients without charge or at the reduced rate under this policy.
- 1.2. Eligible patients include all patients, regardless of race, religion, creed or national origins, who meet the financial guidelines set forth in the Department of Health & Human Services (DHHS) poverty guidelines. Patients are encouraged to apply at the hospital business office. Full and partial coverage is available. Charity Care/Uninsured will be a last resort payer.

**RESPONSIBLE PARTIES:**

- 2.1. Credit/Collections Counselor – Will be responsible for the following:
  - 2.1.1 Identifies potential applicants and ensures that necessary paperwork is completed.
  - 2.1.2 Evaluates applications according to this policy.
  - 2.1.3 Ensures that all patients know about the assistance program.
  - 2.1.4 Completes and submits annual reporting requirements.
- 2.2. Business Office Manager – Ensures all persons reporting to the manager abide by this policy. Approves all charity care/uninsured adjustments on the Ancillary Revenue by Department Report and forwards it to the CFO for approval.
- 2.3. Applicant – responsible for completing Special Financial Consideration Application and providing all necessary documentation.
- 2.4. CFO – Approves all charity care/uninsured adjustments on the Ancillary Revenue by Department Report and informs the Board of Directors of any unusual write-offs.

**DEFINITIONS/EQUIPMENT:**

- 3.1 Financial Assistance – For Hillsboro Area Hospital purposes the terms financial assistance, charity care and uninsured patient discount will refer to Charity Care.
- 3.2 Charity Care – Medically necessary services provided to:
  - 3.2.1 Insured patients whose coverage is inadequate to cover payment in full.
  - 3.2.2 Uninsured patients who have missed the filing time limits for the Uninsured Patient discount.
- 3.3 Uninsured Patient Assistance – Medically necessary services provided to:
  - 3.3.1 Hospital patients without any health insurance or coverage.
  - 3.3.2 If the patient is an Illinois resident, the greater of the State discount or the IRS 501(r) discount will be applied. If the patient is not an Illinois resident, the 501(r) discount will be applied.
  - 3.3.3 Charges must exceed \$300 in any one inpatient admission or outpatient encounter if the State discount applies. The IRS 501(r) discount will be applied for charges less than \$300 in any one patient admission or outpatient encounter.

3.3.4 Maximum amount to be charged to eligible patients residing in the State of Illinois, within a 12 month period, will be 25% of the patient's family income. It will be the patient's responsibility to monitor this amount.

3.4 Presumptive Assistance – Assistance given to people whom we presume are low or no income.

3.5 Application – summary of demographic and financial information.

3.6 Family income – The sum of a family's annual earnings and cash benefits from all sources before taxes, less payments made for child support.

3.7 Illinois resident – A person who lives in Illinois and who intends to remain living in Illinois indefinitely.

3.8 Cost to Charge Ratio – The ratio of a hospital's cost to its charges taken from Worksheet C on its most recently filed Medicare cost report.

3.9 Medically Necessary Service – Services that are deemed necessary as written in the Hospital Uninsured Patient Discount Act.

3.10 IRS 501(r) Discount – Amount calculated per the IRS 501(r) regulations from the Amounts Generally Billed.

3.11 Amounts Generally Billed (AGB) - Patients determined to be eligible for financial assistance will not be charged more than amounts generally billed to individuals who have insurance covering emergency or other medically necessary care. The AGB percentages shall be calculated annually based on the look-back method for each fiscal year ending June 30th, using all hospital claims allowed by both private pay insurers, including Medicare Advantage, and traditional Medicare. Total expected payment from allowed claims is divided by the total billed charges for the same claims.

## **PROCEDURE:**

### **Charity Care:**

4.1.1 Application for Charity Care Coverage may be requested at any time. However, approved charity care coverage will only be granted after the receipt of the completed application and copies of proof of family income are received in the hospital business office. All information is considered strictly confidential. Completed forms/copies include:

- a) Application completed, signed and dated.
- b) Proof of family income for last 3 months.
- c) Most recent Federal Income tax return.

4.1.2 Persons with income levels below the poverty guidelines will be eligible for a 100% reduction of applicable hospital charges. Persons whose income is greater than the poverty income guidelines, but less than 200% of the guidelines will be eligible for a reduction of applicable hospital charges. For example: The patient owes Hillsboro Area Hospital \$1,000 for services received. A completed application and necessary income documentation is received. The patient has income above the poverty guideline, for their family size, making them ineligible to receive a 100% write-off. It would be determined from the Charity Guideline chart, based upon the income the patient receives and the family size, what percentage of the applicable hospital charges were eligible for write-off. If the patient is eligible for a 20% write-off; the Credit/Collections Counselor would write-off \$200 to the charity care adjustment code, and notify the patient in writing of the decision, and the patient would owe \$800.

4.1.3 Once the completed forms/copies have been submitted to the business office, a decision on the application will be made within five business days. Applicants will be notified by letter of the decision. Applicants may request a review of denials or partial denials within 30 days of receipt of the notice.

4.1.4 Charity Care eligibility must be established quarterly as the applicant's financial circumstances change.

4.1.5 Once an application is approved, all applicable accounts will be adjusted by the Credit/Collections Counselor according to the benefits granted. The account must be adjusted using the "Charity Care Adjustment Code" to credit the account.

4.1.6 Charity Care applications will be filed at the Credit/Collection's Counselor's desk.

4.1.7 If at any time the information provided on the application is found to be false, the application will be denied and the amount written off will be reversed.

4.1.8 Financial Assistance applies to charges incurred at Hillsboro Area Hospital, including TeamWork Rehab but excluding Tremont Ridge Assisted Living Facility; however, it does not apply to charges on Addendum A. Addendum A will be posted in registration and emergency department.

**Uninsured Discount:**

4.2.1 Application for Uninsured Patient Assistance must be requested within 60 days of the date of service. Uninsured Patient Assistance will only be granted after the receipt of the completed application and copies of proof of family income are received in the hospital business office. All information is considered strictly confidential. Completed forms/copies include:

- a) Application completed, signed and dated.
- b) Most recent proof of family income.
- c) Patients will be responsible for notifying the hospital of previous HAH healthcare services, that were determined to be eligible for this discount, for determining the yearly maximum payment for healthcare services.
- d) At the hospital's discretion, the patient may be required to apply for coverage under other public programs as well as providing proof of Illinois residency.

4.2.2 Uninsured Patients, who are Illinois residents, with income levels below 300% of the poverty guidelines who have submitted appropriate documentation will be eligible for a discount calculated using 135% of the cost to charge ratio from the most recently filed Medicare cost report for medically necessary services over \$300.

4.2.3 Once the completed forms/copies have been submitted to the business office, a decision on the application will be made within five working days. Applicants will be notified by letter of the decision. Applicants may request a review of denials or partial denials within 30 days of receipt of the notice.

4.2.4 Once an application is approved the account will be adjusted by the Credit/Collections Counselor. It will be adjusted using the "Uninsured Patient Assistance code" to credit the account.

4.2.5 Uninsured Patient Assistance applications will be filed at the Credit/Collection Counselor's desk.

4.2.6 If at any time the information provided on the application is found to be false the application will be denied and the amount written off will be reversed. The CFO shall calculate the assistance to 135% of cost annually using the cost to charge ratio, and shall submit worksheet OIG upon submission of the annual Medicare cost report to CMS.

4.2.7 Uninsured Patient Assistance applies to charges incurred at Hillsboro Area Hospital and Teamwork rehab, but do not include charges on Addendum A. Addendum A will be posted in registration and emergency department.

**Amounts Generally Billed (AGB):**

4.3.1 Notwithstanding the foregoing, no patient eligible for financial assistance shall be charged more than the AGB as defined above and in IRS 501(r) (also see Definitions section above). This means that for Illinois residents the maximum discount between the State discount and the 501(r) discount will be used. For non-Illinois residents the IRS 501(r) discount will be used.

**Presumptive Assistance**

4.4.1 Assistance will be given at 100% for patients whom we presume have low or no income. A letter will be sent out to patient to advise when presumptive assistance has been applied to their account. Those patients are as follows:

- a) Homeless
- b) Deceased with no estate
- c) Mental incapacitation – no one to act on their behalf

- d) Medicaid eligibility – not on date of service (i.e. spenddown unmet) or /non-covered service
- e) Currently enrolled in a community program requiring poverty level income i.e. UBCCP
- f) Incarceration in a penal institution without other coverage available
- g) Self-administered drugs-Medicare/Medicaid Dual Eligibility Only
- h) Medicaid eligible DHS services only (i.e. mental health services only)
- i) Drug and Alcohol rehab patients (i.e. patients from CRC, continuing Recovery Center facility)
- j) Medicaid eligible for Healthy women’s benefits (i.e. coverage for paps, mamm, only)
- k) Out of state Medicaid.

**Possible Actions**

4.5 If the account is not resolved through payment in full, payment arrangements and/or Financial Assistance, it will be sent to an outside collection source after a minimum of 120 days.

**Annual Reporting**

- 4.6.1 We will file a Hospital Financial Assistance Report Form annually on/or before the due date.
- 4.6.2 It will include the following:
  - 4.6.2.1 Copy of our Financial Assistance Application
  - 4.6.2.2 Copy of our Presumptive Eligibility Policy
  - 4.6.2.3 Hospital Financial Assistance Statistics which shall include the following:
    - 4.6.2.3.1 The number of assistance application submitted, both completed and incomplete.
    - 4.6.2.3.2 The number of assistance applications approved under presumptive eligibility.
    - 4.6.2.3.3 The number of assistance applications approved outside presumptive eligibility.
    - 4.6.2.3.4 The number of assistance applications denied
    - 4.6.2.3.5 The total dollar amount of assistance provided by the hospital based on actual cost of care.
  - 4.6.2.4 To be filed in conjunction with the filing of a Worksheet C part 1 from our Medicare Cost Report pursuant to the Hospital Uninsured Patient Assistance Act.
  - 4.6.2.5 To be reported to Health Care Bureau, Office of the Illinois Attorney General, 100 W. Randolph St., 10<sup>th</sup> Floor, Chicago, IL 60601

**FORMS:**

- A.1 Application Approval
- A.2 Application Denial
- A.3 Special Consideration Application
- A.4 Charity Guidelines
- A.5 State of IL Uninsured Guidelines
- A.6 Payment Guidelines
- A.7 Additional Information Needed/Proof of Family Income Letter
- A.8 Hospital Financial Assistance Report Form
- A.9 Addendum A – Separate Billing
- A.10 IRS 501(r) Uninsured Guidelines

**REFERENCES:**

None