

## **Financial Assistance Policy Lehigh Valley Hospital-Schuylkill**

### **I. Policy**

Consistent with the mission and values of Lehigh Valley Health Network, it is Lehigh Valley Hospital-Schuylkill East and Lehigh Valley Hospital- Schuylkill South (LVH-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 services. The LVH 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 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 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 LVHN service area or trauma patients transported to LVH. The LVHN service area includes Lehigh, Northampton, Bucks, Montgomery, Berks, Schuylkill, Carbon, Luzerne, Columbia, Pike and Monroe counties.

## **II. Scope**

This policy has been adopted by LVH. 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 Access Staff, Patient Accounting staff, Patient Representatives, 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. The policy summary is available at registration sites for patients to be aware of financial assistance prior to service.

## **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 fiscal year 2017AGB is 40% of gross charges at LVH-Schuylkill. LVH will update the AGB annually.

**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 DPW 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, IRAs and 401(k) accounts. Income used to determine eligibility includes, but is not limited to: Wages, Social Security, IRA and 401K distributions, 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 Financial Assistance is 6 months. Open accounts in previous years will be eligible for Financial Assistance. Any patient who was approved for Financial Assistance and receives inpatient, observation, 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.

### **III. Definitions continued:**

**Emergency/Medically Necessary Care:** Emergency Services are healthcare services provided to an injured or ill person for a sudden onset of a medical condition that if left untreated could put the health of that individual in serious jeopardy.

“**Medically Necessary Care**” is medical care considered as reasonable and necessary to prevent, diagnose and treat an illness, injury, condition or disease that meets accepted standards of medicine.

**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 have 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 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.

**LVHN Service Area:** Includes permanent residents of the following Pennsylvania counties and trauma case patients referred to LVHN: Lehigh, Northampton, Bucks, Montgomery, Berks, Schuylkill, Luzerne, Carbon, Columbia, Pike and Monroe counties.

**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 1040 form.

## **Definitions continued:**

**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, including a tortfeasor and his/her insurer, constitutes a financial or extreme hardship. Individuals receiving cosmetic surgery, certain dental procedures, 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, 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.

Payment will be pursued using standard LVH collection practices. LVH collection practices meet the requirements of Section 501(r) of the Internal Revenue Code and the Fair Debt Collection Practices Act.

In cases of documented extreme hardship where the patient had or has income in excess of 400% of the federal poverty guideline, and upon approval of the Hospital Vice President, Revenue

Management, an amount less than AGB may be accepted to satisfy an individual’s obligation. In this special situation the patient’s financial assets and liabilities information will be requested and considered.

**Financial Assistance Payment Guidelines for Emergency/Medically Necessary Care to Uninsured Patients & Emergency/Medically Necessary Non-Covered Services for Insured Patients**

Annual Family Income is:	Less than 200% of FPG	200% to 300% of FPG	300% to 400% FPG
Patient Payment is:	no payment	10% of AGB	20% of AGB

**Financial Assistance Payment Guidelines for Patient Deductibles, Copayments and Coinsurance**

Annual Family Income is:	Less than 200% of FPG	200% to 300% of FPG
Patient Payment is:	no payment	50% of balance

**IV. Procedure**

Notification

Copies of the Financial Assistance Policy and a summary of the policy (Attachment D) can be obtained in English and Spanish via:

- email at [patient.billing@lvhn.org](mailto:patient.billing@lvhn.org)
- by contacting a Financial Counselor at 484-884-0840 or at LVH-Schuylkill:
- LVH-Schuylkill South 570-621-5152
- LVH-Schuylkill East 570-621-4783
- on-line at [www.LVHN.org](http://www.LVHN.org).

All points of service will also have summaries of the FAP and will distribute a copy upon request or notification of inability to pay for services. All inpatients registered as self-pay will be contacted and the FAP will be explained. A summary of the FAP will also be displayed at all service locations. If the primary language of any population constitutes more than 5% of the residents of the community served by LVH the FAP will be made available in that language.

Evaluation/Application

Financial Counselors, Customer Service Representatives, Benefits/Verification, Registration personnel, contracted vendors, Collectors and other LVHN personnel will assist patients with the payment of their bills. Financial assistance applications will be provided to every patient or family member who indicates an interest in financial assistance. (Attachment B)

Benefits/Verification will refer uninsured or under-insured in-patients and scheduled Ambulatory patients, and certain Outpatients to the eligibility team responsible for processing Medical Assistance applications with the Pennsylvania Department of Public Welfare.

Patients not meeting the Pennsylvania Department of Public Welfare criteria for Medical Assistance will be referred to the LVHN 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. (Attachment B)

Financial Assistance Application Specialist will determine if the patient qualifies for Financial Assistance and approves or denies the application depending upon the criteria stated in the Payment Forgiveness Guidelines. (Attachment C)

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 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 Patient Financial Services of any claim against, or recovery from, a third party responsible for covering the patient's injuries for which LVH provided care.

## Evaluation/Application

In cases of documented extreme hardship, and upon approval of the Hospital Vice President of Revenue Management, 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 registered as uninsured 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 LVHN-Schuylkill 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 sent to an attorney or 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 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 an attorney or collection agency. In certain cases, LVH may authorize an attorney to pursue legal action against a patient and per Pennsylvania law, his/her spouse to collect an outstanding balance. Such legal action may result in a judgment being entered against the patient and in appropriate circumstances his/her spouse.

**V. Attachments**

- a. LVHN-Schuylkill Income Guidelines
- b. Financial Assistance application
- c. LVHN Payment Forgiveness Guidelines
- d. Financial Assistance Policy Summary
- e. Exclusions

**VI. Approval**

_____ Signature	<u>President Medical Staff</u>	_____ Date
_____ Signature	<u>Sr. V. P. and Chief Financial Officer</u> Edward O’Dea	_____ Date
_____ Signature	<u>President and Chief Executive Officer</u> Brian Nester, D.O.	_____ Date

**VII. 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.

## **VIII. 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 (proposed)  
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

## **IX. 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 501R. 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.

## **X. Date**

Origination: November 1997  
Reviewed/Revised: April 1998  
Reviewed/Revised: April 1999  
Reviewed/Revised: April 2000  
Reviewed/Revised: April 2001  
Reviewed/Revised: April 2002  
Reviewed/Revised: June 2007  
Reviewed/Revised: January 2009  
Reviewed/Revised: February 2015  
Reviewed/Revised: April 2017