

## ***Financial Assistance Policy Checklist***

### **Eligibility Criteria that Can Be Used**

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- Attestation:** Will you allow your financial counselors to use attestation?

The final regulation allows a hospital facility the ability to grant financial assistance based on evidence other than that described in an Financial Assistance Policy (FAP) or Financial Assistance (FA) application based on an attestation by the applicant, even if the FAP or FA application does not describe such evidence or attestations.

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- Oral Application:** Will you allow your financial counselors to use oral communications to complete an application?
- Will language be included on the financial assistance application, policy, and plain language summary to encourage oral applications ?

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 written or oral information from an individual (or a combination of both).

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### **FAP – Possible Additions**

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- Prior Applications:** How long will your hospital allow an eligibility determination to be used?
- Have you included language in your financial assistance policy for the length of time prior applications will be used?

A prior FAP application can be used if your FAP describes whether and under what circumstances prior FAP-eligibility determinations will be used . This criteria needs to be described in your FAP.

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- Presumptive Determinations:** Will your hospital facility use presumptive determinations?

The final regulations require that a hospital facility include in its FAP any information obtained from sources the hospital facility uses (other than individuals seeking assistance).

Companies to Consider:

Paro - Debra Stalldstall@paroscore.com (954) 332-9881 - Demographic Based Scrub that is customized to your health system based upon your patients demographics.

Medlytix - www.medlytix.com - Credit (Soft Hit on Credit File) combined with Demographic Score (Zip-plus four meaning it reaches responsible individual’s household)

iVinci - Pay Visit - Credit data without the soft hit but with demographic data from previous visits.

- Most Generous Discount:** Have you included language in your financial assistance policy for presumptive determinations? FAP Wording Example: Hospital recognizes that some patients will be unable to comply with or be unresponsive to traditional FAP processes; and in an effort to remove barriers for these patients and improve

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community benefits, the hospital will utilize an electronic screening process prior to bad debt assignment 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; and the patient's eligibility through this process will receive the most generous financial assistance discount and will not be assigned to bad debt. ( must include criteria of the score being used to make the determination).

### **Presumptive Financial Assistance Less Than Most Generous Discount Items to Include:**

- 1. Is the hospital notifying those presumed FAP-eligible individuals about how they can apply for more generous assistance under the FAP?
  - 2. Is the hospital still giving patients a reasonable amount of time to apply before initiating ECAs to obtain any outstanding balances?
  - 3. Has the hospital complied with the "reasonable efforts" requirements if a presumed FAP-eligible individual requests more generous assistance by completing a FAP application?
  - WARNING:** Cannot use presumptive determinations for ineligibility.
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- Patient to Cooperate:** Do you want a statement in your FAP requiring a patient to cooperate?

While the final rule does not mandate cooperation it does note that hospitals have the flexibility to include any additional information in the FAP that the hospital chooses to convey or that may be helpful to the community, including a cooperation statement.

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- Discounts:** Are there other discounts you would like to claim on your 990?

The final regulations only require the FAP to describe discounts "available under the FAP" rather than all discounts offered by the hospital facility. However, only discounts specified in a hospital facility's FAP (therefore subject to the Amounts Generally Billed (AGB) limitation) may be reported as "financial assistance" on Schedule H of Form 990. Discounts provided by a hospital facility that are not specified in a hospital facility's FAP will not be considered community benefit activities for purposes of section 9007(e)(1)(B) of the Affordable Care Act nor for purposes of circumstances that are considered in determining whether a hospital organization is described in section 501(c)(3).

**Suggestion:** Hospitals should attempt to shoehorn as many discounts as possible under the FAP, unless such expansion is impractical or unworkable. Example: Patient qualifies for financial assistance and receives a discount at least at the AGB level. If patient decides to pay in full to take advantage of the prompt pay discount, hospital could count the prompt pay discount on 990 if the FAP discusses a prompt pay discount.

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- Separate Billing and Collection Policy** - Will your organization create a separate billing and collection policy?

If yes, does the FAP point to the billing and collection policy and how the public can obtain one?

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### FAP – Required Additions

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- 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 how your hospital will determine eligibility in your FAP)
- Documentation:** Does your Financial Assistance Application and Policy request any financial documentation?

If you do not request any documentation you cannot deny based upon lack of documentation.

- "Reliable evidence"** What do you consider "reliable evidence" under your for FAP? Examples:
  - a) Federal Tax Return
  - b) Paystubs
  - c) Documents establishing qualification for certain specified state means-tested programs
  - d) If these are not available, the patient may call the hospital's financial assistance office to discuss other evidence they may provide.

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- Time Frame:** Will your facility Narrow or Broaden the time frame to assess?

Will you use the service date, application date, or other date to determine eligibility?

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. For example, will the hospital accept as evidence of household income last month's paystub? If so, this suggests a narrower period for assessing eligibility. Will the hospital accept last year's tax return? This suggests a broader period for assessing FAP-eligibility.

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**Amount Generally Billed:** Does your organization's FAP disclose your AGB?

- Does your organization's FAP state that: FAP-eligible individuals will not be charged more than the AGB for emergency or other medically necessary care?
- Specify the Amount(s):** Did you specify the amount(s) (example - gross charges) to which any discount percentages will be applied.

**Suggestion:** Create an appendix for the AGB to make it easy to change each year.

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- Physicians on FAP:** Did you create a list of all physicians (separate practices) **who 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? Update – IRS clarified that the names of practices are acceptable.

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**Suggestion:** Create the provider list in an appendix to the FAP so that it could be revised easily without having to redraft the entire FAP every time a provider is added or deleted.

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**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 FAP? If not, then 501(r) (5) applies and the use of gross charges cannot be used for elective procedures.

- Will you use the Medicaid definition used in the hospital facility state, other definition provided by state law, or a definition that refers to the generally accepted standards of medicine in the community or an examining physician's determination to define "medically necessary care"?

**Suggestion:** FAPs may—but often do not—cover elective or non-medically necessary care. Hospitals should review their FAPs to determine whether they should explicitly exclude care that is neither emergency nor medically necessary. Further, the FAP should define what constitutes “medically necessary care.” The Final Regulations allow hospitals to import definitions based on state law, including a Medicaid definition, about generally accepted standards of medicine in the community or about an examining physician’s determination.

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### **Evidence of Eligibility**

- Other Evidence:** What other financial items will you request be documented?

Many hospitals do request additional information to determine FAP eligibility. Below is a short list of items:

- a) Retirement/Pension Accounts Balance
  - b) Investment Accounts Balance
  - c) Annuities
  - d) Bank statements
  - e) Property Ownership (Home, Second Home, Rental, or Land)
  - f) Type of Vehicle
  - g) Recreational Vehicles
  - h) Copy of Denial of Eligibility from Medicaid
  - i) Child Support Payments (12 months)
  - j) Social Security
  - k) Alimony Payments
  - l) Unemployment Payments
  - m) Work Compensation Payments
  - n) Trust Income
  - o) Veterans’ Benefits
  - p) Health Savings Account/Flex Balance
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- Expenses:** Will you request a patient’s expenses?

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- a) Mortgage/ Rent
  - b) Automobile
  - c) Utilities
  - d) Gas
  - e) Electricity
  - f) Water
  - g) Telephone (include cell phone)
  - h) Cable
  - i) Prescriptions
  - j) Food/ Groceries
  - k) Other Medical Bills
  - l) Credit Cards (list each by name and account number)
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**Other Coverage:** Will you ask about other coverage such as worker's comp, auto insurance, etc. ?

- a) Are you seeking Financial Assistance because of a work-related accident or injury?
- b) Are you seeking Financial Assistance because of a motor vehicle accident?
- c) Do you have a lawsuit or other insurance claim pending for coverage of this illness or injury?
- d) Obtain written verification from each employer whether or not health insurance is offered to employees?
- e) Eligible for Federally Facilitated Exchange Plan through the Marketplace Exchange and did not enroll?

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