

FINANCIAL ASSISTANCE PROGRAM POLICY

PURPOSE:

To provide the best care, to all patients through integrated clinical practice and education. Katherine Shaw Bethea (KSB) Hospital strives to benefit humanity through work in these areas, while supporting the communities in which we live and work. As part of that commitment, KSB serves, appropriately, patients in difficult financial circumstances. Above all, KSB's guiding philosophy is that the needs of the patient come first.

POLICY:

It is the policy of KSB to provide financial assistance as a component of KSB's charitable mission to patients residing in the State of Illinois and to comply with state and federal laws governing financial assistance provided by 501(c)(3) hospitals. This policy describes eligibility, hospital and patient responsibility, the approval process, discount determination and communication.

CONSIDERATIONS AND RELATED ISSUES:

Definitions:

Adjusted Gross Income: Adjusted Gross Income means all income from whatever source derived, including, but not limited to, income not subject to federal or state taxes, minus the deductions allowed under Section 62 of the Internal Revenue Code for purposes of determining adjusted gross income on a federal tax return.

Assets: Assets includes real estate, savings accounts, checking accounts, stocks, bonds, money market accounts, cars, boats, recreational vehicles, certificates of deposits, health savings accounts, flexible spending accounts, other personal property and other interests that can be converted to cash. Assets does not include assets critical to living, the patient's primary residence and retirement plans such as a 401(k) plan, Keogh plan, and profit sharing plan, established and maintained to provide for retirement benefits through yearly tax deductible contributions to the plan.

Dependent: Dependent is a person for whom the Guarantor appropriately claims a personal exemption under the Internal Revenue Code.

Episode of Care: Medical care, services, supplies and medications determined by KSB in its own discretion to relate to the same incident of a medical condition.

Federal Poverty Level (FPL) Guidelines: FPL Guidelines are those published annually by the United States Department of Health and Human Services.

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Financial Assistance: Financial Assistance is the reduction in the amount due for Medically Necessary Services allowed by KSB.

Guarantor: The Guarantor is the patient, if not a minor; both parents of a minor patient; and any other individual named in a court order to be legally responsible for payment of the amounts due KSB.

Katherine Shaw Bethea (KSB) Hospital: KSB includes KSB Hospital, all clinics or other facilities operated by KSB Hospital and the KSB Medical Group.

Medically Necessary Services: Medical care, services, supplies and medications determined by KSB at its own discretion to be necessary for the diagnosis or treatment of a medical condition that are provided for the diagnosis or treatment of the medical condition, and conform to established medical practice in the area of service. Services that are considered elective are not eligible for Financial Assistance.

Uninsured: An Uninsured person is an Illinois resident who is a patient of KSB not covered under a policy of health insurance and not a beneficiary under a public or private health insurance health benefit program or other health coverage program. A person who is covered under a high deductible health insurance plan, workers compensation coverage, accident liability insurance, or other third-party liability insurance is not considered Uninsured.

ELIGIBILITY AND APPLICATION PROCESS FOR FINANCIAL ASSISTANCE:

1. In some cases, a patient may be eligible for Financial Assistance based upon presumptive eligibility criteria. The criteria include:
 - A. Homelessness;
 - B. the patient dies and leaves no estate;
 - C. the patient is mentally incapacitated with no one to act on his or her behalf; and
 - D. the patient is Medicaid eligible but on the date of service the services were considered non eligible, or the date of service for non-covered services.
2. In all other cases, a patient or Guarantor seeking Financial Assistance must apply to KSB for Financial Assistance.
3. An applicant for Financial Assistance must verify Illinois residency. Acceptable forms of verification include:
 - A. Valid state-issued identification card;
 - B. a recent residential utility bill;
 - C. an in-force lease agreement;
 - D. a vehicle registration card;
 - E. a voter registration card;

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- F. mail addressed to the applicant at an Illinois address from a credible source;
 - G. a written statement from a family member with whom the applicant resides at the same address; or
 - H. a letter from a homeless shelter, transitional house or other similar facility.
4. An applicant for Financial Assistance must provide documentation of family income. Acceptable documentation includes:
- A. The most recent tax return;
 - B. the most recent W-2 and 1099 forms;
 - C. the two most recent pay stubs; and
 - D. written income verification from an employer who pays in cash.
5. An applicant for Financial Assistance must certify the existence of Assets owned by the patient and his or her Guarantor and provide documentation of the value of the Assets. Acceptable documentation includes:
- A. Statements from financial institutions;
 - B. third-party verification of value; or
 - C. if no third-party verification exists, the applicant's certification of the estimated value of the Assets.
6. If an applicant for Financial Assistance is a member of a married couple that is separated, KSB will require information regarding the income and Assets of both spouses to determine eligibility.
7. An applicant for Financial Assistance must certify that all the information provided in the application is true. If KSB determines the information on the application is untrue, no Financial Assistance will be provided and the patient and/or Guarantor must pay KSB charges in full.
8. KSB will permit an Uninsured patient to apply for a discount within 240 days after date of first statement for any services rendered at KSB by KSB providers. If no application is received within 240 days after the date of service, the account may not be eligible for Financial Assistance.
9. Applications for Financial Assistance can be mailed or dropped off to: KSB Financial Advocate, KSB Lovett Center, 101 W. First Street, Dixon, IL 61021, emailed to financialadvocate@ksbhospital.com, or faxed to 815-285-5903.

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10. If a patient is eligible for Medicaid, KSB shall not provide Financial Assistance; rather, KSB will reasonably assist the patient in applying for Medicaid. If a patient eligible for Medicaid fails or refuses to apply for Medicaid, the patient and/or the Guarantor must pay KSB charges in full.
11. KSB may make the availability of Financial Assistance contingent on an Uninsured patient first applying for coverage under State of Illinois exchange programs. If a patient eligible for coverage under State of Illinois exchange programs fails or refuses to apply for the coverage, KSB will deny the request for Financial Assistance and the patient and/or Guarantor must pay KSB charges in full.
12. KSB will determine Financial Assistance from the Adjusted Gross Income of the Guarantor, using the most current tax return and/or current paystubs. Income will be determined on a before-tax basis.

**2018 Annual Income Guidelines
for Uncompensated Care Eligibility Determination**
Effective January 22, 2018

Income Level									
Family Size	Poverty Guidelines	200%		250%		300%		350%	
1	\$ 12,140	\$ 24,280		\$ 30,350		\$ 36,420		\$ 42,490	
2	\$ 16,460	\$ 32,920		\$ 41,150		\$ 49,380		\$ 57,610	
3	\$ 20,780	\$ 41,560		\$ 51,950		\$ 62,340		\$ 72,730	
4	\$ 25,100	\$ 50,200		\$ 62,750		\$ 75,300		\$ 87,850	
5	\$ 29,420	\$ 58,840		\$ 73,550		\$ 88,260		\$ 102,970	
6	\$ 33,740	\$ 67,480		\$ 84,350		\$ 101,220		\$ 118,090	
7	\$ 38,060	\$ 76,120		\$ 95,150		\$ 114,180		\$ 133,210	
8	\$ 42,380	\$ 84,760		\$105,950		\$ 127,140		\$ 148,330	
*	\$ 4,320	\$ 8,640		\$ 10,800		\$ 12,960		\$ 15,120	

(*) For family units over eight (8), add the amount shown for each additional member.

Source: Department of Health and Human Services - Federal Poverty Guidelines

13. No patient who is eligible for Financial Assistance will be charged more for Medically Necessary Services than the amount generally billed to an individual with insurance.
14. For eligible patients with family income is 200% or less of the FPL, KSB will offer a 100% discount.
15. For Medically Necessary Services exceeding \$100.00 in charges, the maximum amount KSB will collect from an Uninsured patient deemed eligible for Financial Assistance is the lesser of the amount Medicaid would have paid for the patient's services or 125% of the KSB cost to provide the Medically Necessary Services. This amount shall be further discounted based upon the patient's family FPL as follows:

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<u>FPL Range</u>	<u>Additional Discount</u>
< = 200%	100%
>200% and < = 250%	75%
>250% and < = 300%	50%
301% and higher	0%

16. The maximum amount that KSB shall collect in a 12-month period for Medically Necessary Services is 25% of the patient's family income and is subject to the patient's continued eligibility under this policy.

17. An Uninsured patient who owns Assets having a value in excess of 275% of the FPL is excluded from the maximum collectible amount. The maximum amount the Hospital may collect in a 12-month period from an eligible patient is 25% of the patient's Family Income. The twelve month period begins on the date of service for which the hospital first determines the patient is eligible for the discount.

OTHER PROVISIONS:

1. It is preferred but not required that a request for Financial Assistance occur prior to rendering of non-emergent Medically Necessary Services.

2. Individuals will be referred to available community programs and services outside of KSB facilities as appropriate.

3. For patients seen in the Emergency Department, discussion of their financial obligation, if completed before being seen, will not delay their treatment or the discussion will not occur until the checkout process following their treatment.

4. Determinations of eligibility will remain valid for 90 days for outpatient services; eligibility for inpatient services will be determined for each admission and can be retroactive for one year.

5. Individuals seeking Financial Assistance will be treated with dignity, sensitivity and confidentiality.

6. Financial Assistance will not be denied based on age, sex, race, color, creed (religion), sexual orientation or national origin.

7. The Financial Advocate will determine if patient qualifies for Financial Assistance within 10 days of the receipt of a completed application and supporting documentation.

8. If an application for Financial Assistance is approved, a letter and verbal communication will be made to the patient informing him or her of the approval and the form of the Financial Assistance.

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COMMUNICATION:

1. This policy is available on-line at <https://www.ksbhospital.com/financial-assistance-program-policy> and the website is listed on each hospital statement sent to Guarantors.
2. KSB's Financial Advocate is available to help with Financial Assistance applications at the KSB Lovett Center, 101 W. First Street in Dixon. Patients may also call 815-284-5714 or email financialadvocate@ksbhospital.com for assistance with applications.
3. Every posted notice regarding Financial Assistance will contain a statement indicating that KSB has a Financial Assistance policy for low-income patients who may not be able to pay their bill and brief instructions regarding how to apply. The notices will include a contact name and telephone number that can be used by a patient or family member who is requesting information.
4. KSB will ensure that staff members in the patient access/registration areas and in the Billing Office are knowledgeable about the existence of Financial Assistance policies. Training will be provided to staff members who directly interact with patients regarding their bills for health care services.
5. When communicating with patients and families regarding Financial Assistance, KSB will attempt to communicate in the primary language of the patient, or his/her family, if reasonably possible. This will be done in a manner consistent with all applicable federal and state laws and regulations. (Refer to KSB's Language Assistance Services Policy).
6. A written notice on the billing statement will inform the patient that Financial Assistance may be available either from a government program or through the Financial Assistance policy along with contact information.
7. KSB will provide information to all patients informing them of their responsibility to provide documentation for verification of eligibility for Financial Assistance.
8. KSB bills to an Uninsured patient shall include a prominent statement that an Uninsured patient who meets certain income requirements may qualify for Financial Assistance, directions for how they may apply for consideration under the KSB's Financial Assistance policy, a phone number at KSB where the patient can obtain more information, and the website address where copies of the Financial Assistance policy, application form and plain-language summary may be obtained.

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BILLING AND COLLECTION POLICY:

KSB takes the following actions, according to the following timeframe, to encourage individuals to pay their bills to KSB:

1. Uninsured patients are asked to make an up-front payment of \$25 for clinical services.
2. The first billing statement is sent after any insurance claims have been processed.
3. A phone call is made and the second billing statement is sent 30 days after the first statement is sent.
4. A phone call is made 15 days after the second billing statement is sent.
5. The third billing statement is sent 30 days after the second.
6. A phone call is made 15 days after the third billing statement is sent.
7. The fourth and final billing statement is sent 30 days after the third.
8. An account is sent to one of three possible collection agencies 30 days after the fourth billing statement is sent.
9. The collection agency immediately sends a notice to the individual. This notice indicates that KSB offers Financial Assistance, warns the individual of collection actions that may be taken and provides a deadline after which such actions may be taken.
10. At least 30 days later, the collection agency reports the account to a consumer credit reporting agency, and sends another letter and starts making phone calls.
11. After this point, lawsuits, garnishments and seizure of assets can occur at any time, depending on the situation.

The only collection actions allowed by KSB are reporting to a consumer credit reporting agency, lawsuits, garnishments and seizure of assets.

REGULATIONS AFFECTING POLICY:

Fair Patient Billing Act; Hospital Uninsured Patient Discount Act; Health Insurance Portability and Accountability Act (HIPAA).

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SCOPE:

All employees and patients.

RESPONSIBILITY FOR ENFORCEMENT:

All members of the Management Team.

METHODS OF DISSEMINATION:

Administrative Management Manual.

APPROVALS

Office of Primary Responsibility
Director of Revenue Cycle

Approved: 02/14
Effective: 02/14
Reviewed:

VP/Chief Financial Officer

Revised: 02/15, 09/15, 02/17, 08/18

President/CEO