Revenue Cycle

Financial Assistance

Effective Date: December 2003
Updated 06/07, 02/08, 5/09, 9/10, 12/10, 4/13, 1/14, 2/15, 12/15, 2/16, 12/16

RELATED FORM(S)

1. Patient Financial Evaluation
2. Financial Assistance Reporting

RELATED POLICIES

1. Credit and Collection Policy

REASON FOR POLICY

1. To identify and assist patients who lack the financial resources to meet all or part of their financial liability for services rendered and to determine their eligibility for Phoenix Children’s Hospital (PCH) based Financial Assistance. This policy and procedure covers both hospital (PCH) and physician (Phoenix Children’s Medical Group - PCMG) services. This policy does not apply to any other physician who has privileges at PCH, including without limitation, Valley Anesthesiology Consultants or advanced providers not employed by PCMG. See Provider List in Appendix A for a complete list of these providers.

2. PCH/PCMG is committed to providing Financial Assistance to persons who have health care needs and are uninsured, underinsured, ineligible for a government program and otherwise unable to pay, for Medically Necessary care based on their individual financial situations. Consistent with its mission to deliver compassionate, high quality, affordable health care services and to advocate for those who are poor and disenfranchised, PCH/PCMG strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care. Financial Assistance is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with PCH/PCMG’s procedures for obtaining Financial Assistance and to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to health care services, for their overall personal health and protection of their individual assets. Accordingly, this written policy:
a. Includes eligibility criteria for Financial Assistance – free and discounted (partial Financial Assistance) care;

b. Describes the basis for calculating amounts charged to patients eligible for Financial Assistance under this policy;

c. Describes the method by which patients may apply for Financial Assistance;

d. Describes how the hospital will widely publicize the policy within the community served by the hospital; and

e. Limits the amounts that the hospital will charge for emergency or other Medically Necessary care provided to individuals eligible for Financial Assistance to the amount generally billed by the hospital to commercially insured or Medicare patients.

3. The Financial Assistance procedures are designed to comply with:

a. AHCCCS patient eligibility requirements;

b. Applicable Medicare requirements;

c. Internal Revenue Service regulations relating to non-profit status and other Federal regulations;

 d. State of Arizona regulations relating to non-profit status and other State regulations;

e. Commercial Insurance Guidelines

f. The Affordable Care Act; and

g. Arizona Pricing Transparency Law.

DEFINITIONS

1. Elective Care – Medical services that allow time to be scheduled.

2. Financial Assistance - Healthcare services that have been or will be provided but are not expected to result in cash inflows. Financial Assistance results from PCH/PCMG’S’s policy to provide healthcare services free or at a discount to individuals who meet the established criteria.

3. Family - Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage, or adoption. According to Internal Revenue Service rules, if the guarantor/responsible party claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of Financial Assistance.
4. Family Income - Family Income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines:

   a. Earnings, unemployment compensation, workers’ compensation, Social Security, Supplemental Security Income, public assistance, veterans’ payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources;

   b. Noncash benefits (such as food stamps and housing subsidies) do not count;

   c. Determined on a before-tax basis;

   d. Excludes capital gains or losses; and

   e. If a person lives with a Family, includes the income of all Family members (Non-relatives, such as housemates, do not count).

5. Uninsured - The patient has no level of insurance or third party assistance to assist with meeting his/her payment obligations.

6. Underinsured - The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.

7. Gross charges - The total charges at PCH’s and PCMG’s full established rates for the provision of patient care services before deductions from revenue are applied.


9. Medically necessary - As defined by Medicare, services or items reasonable and necessary for the diagnosis or treatment of illness or injury.

**POLICY**

The following healthcare services are eligible for Financial Assistance:

1. Emergency medical services provided in an emergency room setting;

2. Services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual;

3. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting; and
4. Other Medically Necessary services, evaluated on a case-by-case basis at PCH/PCMG’s discretion.

Eligibility Criteria and Amounts Charged to Patients.

1. **Eligibility for Financial Assistance.** Eligibility for Financial Assistance will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care benefit program, and who are unable to pay for their care, based upon a determination of financial need in accordance with this Policy.

2. **Basis for Calculating Amounts Generally Billed.** Charges for qualifying services to treat Emergency Medical Conditions or other Medically Necessary care provided to persons who are eligible for Financial Assistance under this Policy cannot exceed the amount generally billed (“AGB”) to individuals who have insurance coverage for such care. PCH determines AGB by determining the average percentage of gross charges paid by commercial, AHCCCS and Medicare fee-for-service payers by dividing the sum of the amounts of all allowed claims during the 12 month period by the sum of the associated gross charges for those claims. Currently the following percentages apply:

   i. Inpatient percentage is equal to 35.6% of gross charges

   ii. Outpatient Hospital is equal to 35.6% of gross charges

   iii. PCMG is equal to 44.7% of gross charges

   b. AGB does not pertain to elective procedures or services.

3. **Amounts Charged to Qualifying Patients.** Services eligible under this Policy will be made available to eligible patients on a sliding fee scale attached hereto as Addendum 1, in accordance with financial need, as determined in reference to Federal Poverty Levels (FPL) in effect at the time of the determination. Once a patient has been determined by PCH to be eligible for Financial Assistance, that patient shall not receive future bills based on undiscounted Gross Charges. The basis for the amounts PCH will charge patients qualifying for Financial Assistance is as follows:

   a. **Free Care.** Patients whose Family Income is at or below 100% of the FPL are eligible to receive free care for qualifying services;

   b. **Discounted Care.** Patients whose Family Income is above 100% but not more than 300% of the FPL are eligible to receive discounted care for qualifying services pursuant to the sliding scale attached hereto as Addendum 1 which shall represent charges that are no greater than the amounts generally billed to (received by the hospital for) commercially insured or Medicare patients; and

   c. Financial Assistance is the “payer of last resort” for services provided by Phoenix Children’s Hospital and Phoenix Children’s Medical Group. For emergent or urgent patients, information regarding a guarantor/responsible party’s inability to pay may not become fully known until after the services are
provided. Therefore, the Financial Assistance evaluation may not be completed until the full facts of the needs of the patient are known.

4. **Determination of Presumed Financial Assistance**- Presumed Financial Assistance will be determined based on best available information after all efforts to contact the patient or guarantor/responsible party to obtain financial information have been exhausted. Determination may be made during the collections process if efforts to collect information are exhausted at that time. Factors used to determine presumed Financial Assistance could include one or all of the following:

- Financial Applications;
- Out of Country addresses without proper Section 1011 documentation;
- Inability to contact families by phone or mail (disconnected phones and returned mail);
- A Credit Score of 600 or below with the inability to pay;
- Non-qualifying event with AHCCCS denial;
- Homeless patient or guarantor/responsible party;
- Incarcerated patient or guarantor/responsible party;
- Medicaid accounts-Exhausted days/benefits/non-covered days; and
- FES coverage.

**Grounds for Denial of Financial Assistance.** Falsification of information or incomplete documentation from the patient or guarantor/responsible party is considered grounds for a denial of Financial Assistance. In cases where the patient is unable to provide documentation verifying income, PCH/PCMG may at its discretion verify the patient’ or guarantor/responsible party income by having the patient or guarantor/responsible party sign a financial application attesting to the veracity of the information provided. In special instances, Financial Counselors/Patient Access Management may take a verbal verification from the patient for the financial evaluation.

**Method of Applying for Financial Assistance.** Patients or guarantor/responsible party will be encouraged to apply for Financial Assistance before, during, or within a reasonable time after care is provided.

1. Financial Assistance Application – Patients or guarantor/responsible party may apply for Financial Assistance at the Financial Counselor Offices or Customer Service Department either in person, via the PCH website, [http://www.phoenixchildrens.org/](http://www.phoenixchildrens.org/)
2. by phone, or by mail, through a surrogate, through a family member or through another appropriate party. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and will:
3. a. Include an application process, in which the patient or the patient’s guarantor is
required to cooperate and supply personal, financial and other information and
documentation relevant to making a determination of financial need;

b. Include the use of external publicly available data sources that provide
information on a patient’s or a patient’s guarantor’s ability to pay (such as credit
scoring);

c. Include reasonable efforts by PCH/PCMG to explore appropriate alternative
sources of payment and coverage from public and private payment programs,
and to assist patients to apply for such programs;

d. Take into account the patient or guarantor/responsible party available assets,
and all other financial resources available to the patient; and

e. Include a review of the patient or guarantor/responsible party outstanding
accounts receivable for prior services rendered and the patient’s or
guarantor/responsible party payment history.

4. Request for Financial Assistance. It is preferred but not required that a request for
Financial Assistance and a determination of financial need occur prior to rendering
of non-emergent Medically Necessary services. However, the determination may be
done at any point in the collection cycle. The need for Financial Assistance shall be
re-evaluated every 90 days for recurring patients and each subsequent time of
service if the last financial evaluation was completed more than a year prior.
Additionally, a review will be done at any time new information relevant to the
eligibility of the patient for Financial Assistance becomes known.

5. Notification of Decision – PCH/PCMG will notify the patient within a reasonable
period of time (usually 30 days) after receiving the patient’s or
guarantor/responsible party request for Financial Assistance. PCH/PCMG will also
advise the patient of his or her responsibilities under this Policy.

6. Changed Circumstances - Patients or guarantor/responsible party may reapply for
Financial Assistance if there is a change in their income, assets, or Family size
responsibility. Excess payments made prior to determination of qualification for
Financial Assistance may be refunded if the patient is later determined to qualify for
Financial Assistance. In addition, the discount may be reversed if subsequent
findings indicate the information relied upon was in error.

Billing and Collections Process. If Financial Assistance is denied or patient or
guarantor/responsible party does not meet 100% write off criteria, PCH/PCMG will
follow the standard credit and collections process.

Reasonable Inquiry – PCH/PCMG will make reasonable efforts to determine whether
an individual is eligible for Financial Assistance before referring the patient to a
collection agency. PCH/PCMG will not pursue legal action for non-payment of bills
against Financial Assistance patients/responsible parties who have clearly
demonstrated that they have neither sufficient income nor assets to meet their financial
obligations. Please refer to the Credit and Collection policy link provided in Appendix A.

1. Collection Methods - PCH will not execute a lien by forcing the sale or foreclosure of
a Financial Assistance patient or guarantor/responsible party primary residence to pay for an outstanding medical bill. PCH will not use body attachment to require the Financial Assistance patient or responsible party to appear in court. PCH may report Financial Assistance patients to credit rating agencies when they fail to honor their reduced payment plans and there is evidence that the Financial Assistance patient has sufficient income or assets to satisfy his or her obligation. The patient or guarantor/responsible party is responsible for communicating changes in income that may affect their ability to pay to PCH. PCH will ensure that the guidelines outlined above are followed by any external collection agency engaged to assist in obtaining payment on outstanding bills from Financial Assistance patients.

2. Collections from Third Party Payers - Nothing in this policy shall preclude PCH/PCMG from pursuing reimbursement from third party payers, third party liability settlements or other legally responsible third parties.

Communication of Financial Assistance Policy

PCH will communicate the availability of Financial Assistance to all patients or guarantor/responsible party using languages that are appropriate for PCH’s service areas, including, but not limited to the following:

1. Signage, information and brochures in appropriate areas of PCH

2. Plain Language Summary, posted conspicuously in English and Spanish in Registration areas and provided to patients during the billing process.

3. Financial Counselors/Interpreters who are assigned to explain PCH’s Financial Assistance policy.

4. Hospital statements note Financial Assistance availability and a phone number to call for information.

5. Information regarding the availability of Financial Assistance is also posted on PCH’s website.

**PROCEDURAL GUIDELINES**

Financial Assistance Care Program Guidelines:

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Action</th>
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</table>

...
| Financial Counselors | 1. Determine if the patient, parent or the responsible party is eligible for Financial Assistance prior to rendering of non-emergent Medically Necessary services, at the time of admission, or as soon as possible thereafter. The need for Financial Assistance shall be re-evaluated every 90 days for recurring patients and each subsequent time of service if the last financial evaluation was completed more than a year prior. Additionally, a review will be done at any time new information relevant to the eligibility of the patient for Financial Assistance becomes known. |

NOTE - Financial Assistance determination is made based on Family Income - the parent’s/responsible party’s gross income and number of members in the household. Members who qualify based
on household income need to meet the Internal Revenue Service (IRS – Publication 501) definition of a qualifying dependent.

2. Financial Assistance may be given for qualifying services under the following circumstances:
   a. Limited third party coverage benefits.
   b. Denial of third party coverage.
   c. Patients receiving AHCCCS or other major government funded support, which will not cover the services provided.
   d. AHCCCS assistance has been denied for any reason except noncompliance.
   e. Premium assistance may be granted using the same Financial Assistance criteria as for clinical care.

3. A standard sliding fee scale for patient liability will be used in assessing patient financial need. The monthly income limit for most Arizona programs is 100% of the Federal Poverty Level (FPL). Refer to the Financial Qualification Scale policy for details. The ranges displayed below will serve as a guide in offering Financial Assistance Care:
   a. 100% Financial Assistance (write-off) for a monthly income limit that is 100% of the Federal Poverty Level
   b. 75% Financial Assistance (write-off) for a monthly income limit that is 150% of the Federal Poverty Level
   c. 50% Financial Assistance (write-off) for a monthly income limit that is 225% of the Federal Poverty Level
   d. 25% Financial Assistance (write-off) for a monthly income limit that is 300% of the Federal Poverty Level

   NOTE - Financial Assistance write-off requests which exceed a monthly income of 300% of the Federal Poverty Level will require further approval. Refer to Addendum 1.

4. Obtain documentation to ensure that the patient has properly and formally demonstrated financial need for the Financial Assistance requested. Types of documentation will include:
   a. A Phoenix Children's Hospital Patient Financial Statement.
   b. Supporting documents including social security card or birth certificate, 2 months of payroll stubs, prior year tax returns,
and bank/investment statements.

c. Evidence of AHCCCS application and denial if applicable.

d. Evidence of private insurance approval/denial if applicable.

e. Credit reports.

f. Other documents presenting or supporting gross income as appropriate.

5. Qualifying Financial Assistance will be subject to the following approval levels:

a. Up to $50,000 – Revenue Cycle Directors

b. $50,001 – $99,999 – VP Revenue Cycle

c. $100,000 and greater – Chief Financial Officer (or other PCH executives at CFO’s discretion)

6. Financial Reporting of Financial Assistance will be calculated and reported as the sum of the following:

a. Presumed Financial Assistance coded as such by Patient Financial Services.

b. Presumed Financial Assistance for accounts referred for third party collections under the following guidelines:

   • After 180 days from the date of referral, accounts will be reviewed and considered presumed Financial Assistance Care as follows:

   1. All accounts that were AHCCCS eligible.

   2. All other accounts with balances over $1,000 would be reviewed on a sample basis to determine the percentage of accounts that would be either Financial Assistance or bad debt. (The percentage established as presumed Financial Assistance through the testing above will be applied to the population to calculate Financial Assistance).
Appendix A:

Physician Roster- Non-PCMG

Credit and Collections Policy

<table>
<thead>
<tr>
<th>Policy Information/History:</th>
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<tbody>
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Dates Created/Reviewed/Revised - List the date you created your policy (approximate).

<table>
<thead>
<tr>
<th>Reviewed by -</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nanette Simpson, Director, Patient Access/Pre-Access Services</td>
<td>Date</td>
</tr>
<tr>
<td>Linda Flink, VP, Hospital Revenue Cycle</td>
<td>Date</td>
</tr>
<tr>
<td>Claire Agnew, VP, PCMG Revenue Cycle</td>
<td>Date</td>
</tr>
<tr>
<td>Craig McKnight, Executive Vice President &amp; CFO</td>
<td>Date</td>
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</tbody>
</table>
ADDENDUM 1

Financial Assistance Care

Attached below is a matrix of the Financial Assistance write-off percentages available for the corresponding income levels (Federal Poverty Level – all states except Alaska and Hawaii).

<table>
<thead>
<tr>
<th>Persons in Family</th>
<th>100%</th>
<th>150%</th>
<th>225%</th>
<th>300%</th>
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<td>$41,320</td>
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For each additional person add

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<th>Discount</th>
<th>100%</th>
<th>75%</th>
<th>50%</th>
<th>25%</th>
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