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|  <p>Little Colorado Medical Center <i>Compassionate Care for Northeast Arizona</i></p> | <p>PATIENT FINANCIAL SERVICES</p> <p>POLICY & PROCEDURE</p> | <p>POLICY NUMBER: PFS-S-03 Page 1 of 4</p> |
| | | <p>Effective Date: 12/3/2020 Revised Date: Review Date: 6/9/2021</p> |
| <p>SLIDING FEE DISCOUNT POLICY</p> | | |
| <p>APPROVED BY: <u>Janice Freet, CFO</u> Date: <u>6/9/2021</u></p> | | |

POLICY

Little Colorado Physicians Office’s mission is the continuous improvement of the health needs of the people in our communities. As part of that commitment, Little Colorado Physicians Office appropriately serves patients in difficult financial circumstances and offers a sliding fee discount to those who have an established need to receive medically necessary medical services. The Sliding Fee Discount is defined as healthcare services provided at no charge or at a reduced charge to patients who do not have nor cannot obtain adequate financial resources or other means to pay for their care. This is in contrast to bad debt, which is defined as patient and/or guarantor who, having the financial resources to pay for health care services, has demonstrated by their actions an unwillingness to resolve a bill. The granting of a sliding fee discount shall be based on an individualized determination of financial need, and shall not take into account race, creed, gender, national origin, disability, age, social immigrant status, or sexual orientation.

Furthermore, Little Colorado Physician’s Office wants to establish policies and procedures necessary to ensure that patients of Little Colorado Physician’s Office, who for economic and financial reasons cannot meet the requirements of the collection policy, are provided with the Little Colorado Physicians Office’s Sliding Fee Discount.

DEFINITIONS

Sliding Fee: Healthcare services that have been or will be provided but are never expected to result in cash inflows. Sliding Fee care results from the organization’s policy to provide healthcare services free or at a discount to individuals who meet the established criteria.

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 the Internal Revenue Service rules, if the patient claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of the sliding fee discount.

Family Income: Family income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines:

- Includes earnings, unemployment compensation, worker’s 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 miscellaneous sources;
Noncash benefits (such as food stamps and housing subsidies) do not count;
- Determined on a before-tax basis;
- If a person lives with a family, includes the income of all family members (Non-relatives, such as housemates, do not count).

REFER TO ELECTRONIC VERSION FOR THE MOST CURRENT POLICY/PROCEDURE.

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

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.

Medically Necessary: As defined by Medicare (services or items reasonable and necessary for the diagnosis or treatment of illness or injury).

Measures to Publicize the Sliding Fee Discount Policy

Notification about the sliding fee discount available from Little Colorado Physician's Office which shall include a contact number shall be disseminated by Little Colorado Physician's Office by various means, which may include, but are not limited to, the publication of notices in patient bills and by posting notices in emergency rooms, admitting and registration departments, and hospital business offices Little Colorado Physician's Office also shall publish and widely publicize a summary of this sliding fee discount policy on facility website, in brochures available in patient access sites. Such notices and summary information shall be provided in the primary language spoken and any other language spoken by 10% of the community population serviced by Little Colorado Physician's Office.

PROCEDURE

For purposes of this policy, "discount" or "financial assistance" refers to healthcare services provided by Little Colorado Physician's Office without charge or at a discount to qualifying patients.

The discount will apply to all services received at this clinic, but not those services or equipment purchased from outside, including reference laboratory testing, drugs, and x-ray interpretation by a consulting radiologist, and other such services.

Eligibility for discount will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care program, and who are unable to pay for their care, based upon a determination of financial need in accordance with this Policy. The granting of discount shall be based on an individualized determination of financial need, and shall not take into account age, gender, race, social immigrant status, sexual orientation or creed Little Colorado Physician's Office shall determine whether or not patients are eligible to receive discounts for deductibles, co-insurance, or co-payment responsibilities.

Basis for Calculating the Amounts Generally Billed

The amount the patient is expected to pay and the amount of discount offered depends on the patient's insurance coverage and income. The Federal Income Poverty Guidelines will be used in determining the amount of the write-off and the amount charged to the patients. Amounts charged for emergency and medically necessary medical services to patients will not be more than the amount generally billed to individuals with insurance covering such care. Little Colorado Physician's Office has chosen to use the look-back method as the basis for calculating amounts charged to patients; based on actual past claims paid to Little Colorado Physician's Office by either Medicare fee-for-services only or Medicare fee-for-service together with all private health insurers Little Colorado Physician's Office will provide an itemized statement to the patient showing the charges and the discount amount applied to the patient's account. The discount will be applied once the patient has submitted a complete application for the Sliding Fee Discount Program.

Method of Applying for Sliding Fee Discount

It is preferred but not required that a request for sliding fee discount and a determination of financial need occur prior to rendering of all services. However, the determination may be done at any point in the collection cycle. The need for financial assistance shall be re-evaluated at each subsequent time of services if the last financial evaluation was completed more than twelve months prior or at any time additional information relevant to the eligibility of the patient for discount becomes known. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and may:

- Include an application process, in which the patient or the patient's guarantor are required to cooperate and supply personal, financial and other information and documentation relevant to making a determination of financial need;
- Include reasonable efforts by Little Colorado Physician's Office to explore appropriate alternative sources of payment and coverage from public and private payment programs, and to assist patients to apply for such programs;
- The patient is required to submit documentation of their financial status. The patient must submit a completed Sliding Fee Discount Application.
- As a minimum requirement the patient must furnish a copy of last year's tax return, last three most recent pay stubs as proof of income, and any other source of income.
- Accounts eligible for sliding fee discounts are to be addressed within 240 days of first bill.

Little Colorado Physician's Office values of human dignity and stewardship shall be reflected in the application process, financial need determination and granting of discounts. Requests for charity shall be processed promptly and Little Colorado Physician's Office shall notify the patient or applicant in writing within 30 days of receipt of a completed application. There are instances when a patient may appear eligible for discounts, but there is no application on file due to a lack of supporting documentation. Often, there is adequate information provided by the patient through other sources which could provide sufficient evidence to provide the patient with discounted assistance. In the event there is no evidence to support a patient's eligibility for discount, Little Colorado Physician's Office could use outside agencies in determining estimate income amounts for the basis of determining financial assistance eligibility and potential discount amounts. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

1. State-funded prescription programs;
2. Homelessness or received care from a homeless clinic;
3. Participation in Women, Infants and Children programs (WIC);
4. Food stamp eligibility;
5. Subsidized school lunch program eligibility;
6. Eligibility for other state or local assistance program that are unfunded (e.g., Medicaid spend-down);
7. Low income/subsidized housing is provided as a valid address; and
8. Patient is deceased with no known estate.

Services eligible under this Policy will be made available to the patient on a sliding fee scale, in accordance with financial need, as determined in reference to Federal Poverty Levels (FPL) in effect at

the time of the determination. The basis for the amounts Little Colorado Physician's Office will charge

patients qualifying for financial assistance is as follows:

1. Patients whose family income is at 100% and below 125% of the FPL are eligible to receive free care.
2. Patients whose family income is at 126% and below 150% of the FPL are eligible to receive a 90% discount.

3. Patients whose family income is at 151% and below 175% of the FPL are eligible to receive an 80% discount.
4. Patients whose family income is at 176% and below 200% of the FPL are eligible to receive a 70% discount.
5. Patients whose family income is at 201% and below 300% of the FPL are eligible to receive a 65% discount.
6. Patients whose family income exceeds 300% of the FPL may be eligible to receive discounted rates on a case-by-case basis based on their specific circumstances, such as catastrophic illness or medical indigence, at the discretion of Little Colorado Physician's Office; however, the discounted rates shall not be greater than the amounts generally billed commercially insured patients. Once the patient has been deemed eligible; Little Colorado Physician's Office will apply the Sliding Fee discount to the patients' account.

Little Colorado Physician's Office management shall develop policies and procedures for internal and external collection practices (including actions the clinic may take in the event of non-payment, including collections action and reporting to credit agencies) that take into account the extent to which the patient qualifies for discounts, a patient's good faith effort to apply for a governmental program or for financial assistance from Little Colorado Physician's Office, and a patient's good faith effort to comply with his or her payment agreements with Little Colorado Physician's Office. For patients who qualify for financial assistance and who are cooperating in good faith to resolve their discounted hospital bills, Little Colorado Physician's Office may offer extended payment plans, will not send unpaid bills to outside collection agencies, and will cease all collection efforts. Little Colorado Physician's Office will not impose extraordinary collections actions such as wage garnishments; liens on primary residences, or other legal actions for any patient without first making reasonable efforts to determine whether that patient is eligible for discount under this Sliding Fee Discount policy. Reasonable efforts shall include:

1. Validating that the patient owes the unpaid bills and that all sources of third-party payment have been identified and billed by the hospital.
2. Documentation that Little Colorado Physician's Office has or has attempted to offer the patient the opportunity to apply for charity care pursuant to this policy and that the patient has not complied with the hospital's application requirements.
3. Documentation that the patient has been offered a payment plan but has not honored the terms of that plan.

Collection Activity

Little Colorado Physician's Office will not engage in extraordinary collection actions before it makes a reasonable effort to determine whether a patient is eligible for discounts under this policy. If our collection agency identifies a patient is meeting sliding fee discount eligibility criteria, the patient's account may be considered for the sliding fee discount. Collection activity will be suspended on accounts, and the sliding fee discount application will be reviewed. If the entire account balance is adjusted, the account will be returned. If a partial adjustment occurs, the patient fails to cooperate with the sliding fee discount process, or if the patient is not eligible for financial assistance, collection activity will resume. In implementing this Policy, Little Colorado Physician's Office management shall comply with all other federal, state, and local laws, rules and regulations that may apply to activities conducted pursuant to this Policy.