

POLICIES AND PROCEDURES

Section: Patient Financial Services Billing and Collection Policy No: PFS-073

External Standard/Requirements: IRS 501(c) (3), IRS 501(r), Patient Protection and Affordable Care Act

Title: Financial Assistance Policy

Date Issued: February 1, 1994

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I. POLICY

In support of the mission of the Sisters of Mercy, Mercy Iowa City provides, without discrimination, emergency and other medically necessary care to all patients, regardless of a patient's ability to pay.

II. PURPOSE

Pursuant to IRS Section 501(r), Mercy Hospital Iowa City (MHIC) is required to establish a written Financial Assistance Policy. The purpose of this policy is to inform patients under what circumstances MHIC provides Financial Assistance and the process required to apply for such assistance.

This policy applies to all emergent and medically necessary services provided by Mercy Iowa City Hospital and Mercy Services employed physicians. A document defining emergent and medically necessary services can be found attached to this policy (see Exhibit F). Other ineligible services include those that have been previously discounted or combined under a packaged pricing agreement.

Non-employed third-party providers who deliver emergency or other medically necessary care in the hospital facility are not covered under this policy. A complete listing of covered and non-covered physicians is attached to this policy (see Exhibit C) and can also be found on MIC's website:

<http://www.mercyiowacity.org/patient-financial-assistance>.

III. PROCESS

A. Eligibility for Financial Assistance

1. Financial assistance is provided to patients who meet eligibility guidelines after Medicaid, Medicare, the Insurance Exchange, and/or all other support networks have been exhausted. "Other support networks" includes, but is not limited to, any third-party liability, workman's compensation, accidental injury, hospital indemnity or sharing group coverage for which the patient may be eligible.
2. As stated under Section II, eligible services for coverage under MHIC's financial assistance policy include all emergent and medically necessary services provided by MHIC and Mercy Services employed physicians.
 - a. Emergent services considered eligible under MHIC's financial assistance policy can be defined as "a condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in placing the individual's health (or the health of an unborn child) in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of bodily organs."
 - b. Medically necessary services considered eligible under MHIC's financial assistance policy can be defined as: "hospital services or care rendered, both outpatient and inpatient, to a patient in order to diagnose, alleviate, correct, cure or prevent the onset or worsening of conditions that endanger life, cause suffering or pain, cause physical deformity or malfunction, threaten to cause or aggravate a handicap, or result in overall illness or infirmity."
 - c. Services excluded from eligibility are those that have been previously discounted or combined under a packaged pricing agreement.
3. Accounts considered eligible for a financial assistance determination are those accounts for which a first billing statement was issued 240 days prior to the application (completed, signed, and dated) submission date, and 180 days after the submission date. A new application and documentation must be submitted after 180 days if a patient wishes future accounts to be considered for financial assistance.
4. MHIC bases eligibility for financial assistance on household income, available assets, and household size. Income guidelines will be revised annually in conjunction with the

5. Federal Poverty Level Guideline updates published by the Center for Medicare and Medicaid Services.

B. Financial Assistance Application Process

1. An application can be obtained by the following methods (see Exhibit A):
 - a. Visiting MHIC's website at <http://www.mercyiowacity.org/patient-financial-assistance>
 - b. Calling the MHIC Patient Financial Services department at 319-339-3616 or the phone number listed on the patient's billing statement and requesting an application be mailed, faxed, or electronically submitted to the patient.
 - c. Stopping at the Cashier's window located just off the Main Lobby at 500 E. Market Street, Iowa City, IA 52245.
2. A patient is required to submit the completed, signed and dated application along with two forms of income verification. Acceptable verification of income and assets includes the following for all adult members of the household:
 - a. Three most recent payroll stubs
 - b. Most recently filed federal income tax return (pages 1-2 of federal 1040 form and any other applicable schedules or forms)
 - c. Statements demonstrating Social Security, pension, unemployment, disability, workman's compensation and/or spousal/child support benefits
 - d. Bank and brokerage account statements (for cash, IRA, stock, 401K accounts, etc.)
 - e. An income or profit/loss statement for self-employed applicants
 - f. In the absence of income, a completed, signed and dated Declaration of No Income statement will be accepted.
 - g. Other documentation as deemed necessary based on applicant's extraordinary living/employment circumstances (see Exhibit E)
3. If a patient does not submit the required income verification documents along with the application, a letter requesting income documentation will be issued to the patient within 30 days of MHIC having received the completed, signed, and dated application.
 - a. A patient will have 45 days from the date of the request letter to submit the requested documentation.
 - b. If the requested information has not been received within 45 days or the patient has made no effort to contact

- MHIC regarding the requested information, the application will be denied due to lack of information provided by the applicant.
- c. The patient may re-apply for financial assistance after such a determination, but a new application remains subject to eligibility guidelines under MHIC's financial assistance policy.
 - d. An applicant who submits only some or part of the documentation requested by letter may receive a second letter from MHIC. Such a letter is considered to be a "final" request for documentation and will detail a time frame in which the applicant is expected to submit the remaining information. If the documents are not submitted within the timeframe outlined in the "final" request letter, the application process will continue through steps 3b and 3c as described above.
4. Once all required documentation has been received by MHIC's PFS department, a financial assistance determination will be made within 30 days. A letter of notification will be submitted to the patient detailing the determination of financial assistance with the following information:
- a. The guarantor's name
 - b. All accounts considered under the determination
 - c. The percentage of financial assistance granted
 - d. The remaining patient balance after financial assistance
 - e. The date range for which the determination is applicable
 - f. A contact number to make payment arrangements for any remaining patient responsibility.
5. Income guidelines for financial assistance eligibility at Mercy Iowa City are as follows:
- a. Applicants with household income less than or equal to 150% of FPL qualify for 100% financial assistance.
 - b. Applicants with household income greater than 150% of FPL but less than or equal to 200% of FPL qualify for 75% financial assistance and are responsible for no more than AGB from previous fiscal year (see Exhibit D) of billed charges.
 - c. Applicants with household income greater than 200% of FPL but less than or equal to 250% of FPL qualify for 50% financial assistance and are responsible for no more than AGB from previous fiscal year (see Exhibit D) of billed charges.
 - d. Applicants with household income greater than 250% of FPL but less than or equal to 300% of FPL qualify for 25% financial assistance and are responsible for no more

than AGB from previous fiscal year (see Exhibit D) of billed charges.

6. Asset guidelines for financial aid eligibility at Mercy Iowa City are as follows:
 - a. If a household has cash/IRA/stock/401K assets totaling \$25,000 or more, at least 10% of the available assets must be applied to the balance due to Mercy Iowa City before the guarantor/patient will qualify for financial assistance.
7. A 25% catastrophic discount of patient responsibility is available when the patient responsibility amount for a single claim is greater than or equal to 25% of their household income.
8. After a financial assistance determination is granted and any applicable insurance payments and/or assistance are applied to an account, Mercy Hospital Iowa City may use outside collection agencies to collect any remaining unpaid amount due.

C. Presumptive Charity

1. Presumptive Charity is a form of Financial Assistance that Mercy Hospital may grant based on information received from other sources. Presumptive Charity may be based on the following:
 - a. Recipient of state-funded programs who was not eligible on the date of service of the services being considered for financial assistance.
 - b. Homeless patients.
 - c. Patient is now deceased with no known estate.
 - d. Patients filing for Bankruptcy Chapter 7.
 - e. Members of religious organizations who have taken a vow of poverty and have no resources individually or through the religious order.
 - f. Information provided by credit reporting agency (criteria equivalent to an FPL score of <150 and a low propensity to pay)
2. Presumptive Charity is granted post-service only for those services not covered by another funding source and for which the patient has not submitted a financial assistance application.
3. Presumptive Charity is granted only after all other means for payment have been exhausted and the services in question are ready to be placed in collections.

IV. NOTICES REGARDING FINANCIAL ASSISTANCE

- A. This Financial Assistance Policy (FAP), a Plain Language Summary of the FAP (See Exhibit B), and the Financial Assistance application form

will be available for patients upon request in person, electronically, by mail, by fax and on the facility website.

- B. Notices regarding financial assistance will be displayed in public areas in the facility. These notices will include a Plain Language Summary of the FAP and will also include both a phone number and website where additional information on the application process can be obtained. These notices will be available in English and Spanish or any other language spoken by at least 10% of the population served by Mercy Iowa City.
- C. Referral of patients for Financial Assistance may be made by other Mercy Iowa City employees. It is the responsibility of the patient, guarantor or patient representative to contact Patient Financial Services for additional assistance with the application process.
- D. Revenue Cycle teams are responsible for the implementation of this Policy in accordance with the detailed procedures set forth in established procedures.

V. DEFINITIONS

Amount generally billed (AGB) is defined as the amount generally billed. MHIC calculates our AGB by using the “Look Back” method. This is the average amount of reimbursement for the previous fiscal year, excluding Medicaid and uninsured self-pay payers.

Extraordinary Collection Activities (ECA) can be defined as the reporting of unpaid debt to credit agencies, taking legal action, and/or garnishment of wages.

Federal Poverty Level (FPL) is the national standard used to determine the poverty level of households by size. These numbers are updated annually by the US Department of Health and Human Services.

Financial Assistance is defined as assistance provided to patients for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for care provided by Mercy Iowa City.

Household Income is defined as the income of all adult members in the household. For children or adult dependents, regardless of their age, if they are claimed by another adult in the household on income tax returns, the incomes of all adults and dependents are then included in this definition.

Income includes wages, salaries, salary and self-employment income, unemployment compensation, worker’s compensation, payments from Social Security, public assistance, veteran’s benefits, child support, alimony,

education assistance, survivor's benefits, pensions, retirement income, regular insurance and annuity payments, income from estates and trusts, rents received, interest/dividends, and income from other miscellaneous sources.

Presumptive Charity is defined as the determination of eligibility for Financial Assistance that can be provided by third-party vendors and other publically available information.

Submission Date is defined as the date the completed, signed and dated financial assistance application is received and documented by a Financial Counselor or Cashier.

VI. ATTACHMENTS

- Exhibit A: Financial Assistance Application
- Exhibit B: Plain Language Summary Notice
- Exhibit C: Covered and Non-covered Providers
- Exhibit D: Amount Generally Billed (AGB) Statement
- Exhibit E: Documentation for Extraordinary Circumstances
- Exhibit F: Elective/Non-elective Procedure Definition for Financial Services