



**Policy and Procedures for  
ST. LUKE'S HEALTH SYSTEM  
Boise - Meridian**

**LD056 TV**

<u>POLICY TITLE:</u>	<b>Collection Practices and Charity Care Guidelines</b>
<u>POLICY:</u>	<p>St. Luke's is dedicated to the philosophy that medically necessary health care services, which are commonly available, should be accessible to all, regardless of age, gender, geographic location, cultural background, physical mobility, or ability to pay.</p> <p>In order to fulfill our mission to meet the medical needs of the community, St. Luke's must also be committed to protect and maintain the cash flow and assets of the organization.</p> <p>Since the services St. Luke's provides are critical to the communities served, St. Luke's must carefully manage the resources that make them possible. Patients who can pay for service should do so. Those who have third party coverage should follow the prerequisites of that coverage so reimbursement can be obtained for services provided. Those who may be entitled to government programs should be identified. By taking the opportunity to obtain payment from every appropriate outside resource, St. Luke's will remain financially capable of providing a full range of services to the people who need them.</p>
<u>DEFINITIONS:</u>	<p><b>Bad Debt:</b> Expenses resulting from services provided to a patient and/or guarantor who, having the requisite financial resources to pay for health care services, has demonstrated an unwillingness to do so.</p> <p><b>Charity Care:</b> Services provided to uninsured or underinsured patients who cannot afford to pay for all of the care according to established hospital guidelines.</p> <p><b>Cosmetic Surgery:</b> Surgery that modifies or improves the appearance of a physical feature, irregularity, or defect rather than for general health.</p> <p><b>Medically Necessary:</b> Services or supplies that the treating physician determines are needed for the diagnosis or treatment of a medical condition, meet the standards of good medical practice in the local area, and are not mainly for the convenience of the patient or his/her doctor.</p>

PROCEDURE(S):

**I. Collecting Information on Patient Health Coverage and Resources**

- A. At the time a patient service is scheduled, or a patient is registered, St. Luke's Patient Access Services obtains and verifies the financial information necessary to determine responsibility for payment of the hospital bill from the patient or responsible party.
- B. It is the patient's responsibility to provide the hospital with accurate information regarding health insurance, address, and applicable financial resources to determine whether the patient is eligible for coverage through existing private insurance or through available public assistance programs.

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- C. If the patient or responsible party is unable to provide the information needed, and the patient consents, St. Luke's makes reasonable efforts to contact the patient's relatives or friends for additional information while the patient is in the hospital and at the time of the patient's discharge.
- D. If the patient has insurance coverage, St. Luke's verifies insurance eligibility and obtains authorization for the patient's service, generally occurring within one business day.
- E. If the patient is uninsured or underinsured, St. Luke's utilizes financial tools to help identify the patient's or responsible party's ability and willingness to pay, and to help verify their demographic information. These tools include:
  - 1. Financial Assistance Application (FAA): St. Luke's form that is completed by the patient or responsible party, along with required supporting documentation.
  - 2. Credit score through Credit Reporting Agency: Credit score inquiries are "soft" posted to the patient's credit report. This means that disclosure of our inquiry is suppressed so that the patient's credit score is not affected and the patient's privacy and anonymity are ensured.
  - 3. Patient Account Rank Ordering (PARO) score: Predictive scoring to help identify patients who need financial assistance.
- F. All information is treated confidentially in accordance with applicable federal and state privacy laws.

## II. Patient Notice of Availability of Financial Assistance

### Notification Practices:

- A. St. Luke's provides notice of the availability of financial assistance via:
  - 1. Signage
  - 2. Patient brochure
  - 3. Billing statement
  - 4. Written collection action letter
  - 5. Online at [www.stlukesonline.org/billing](http://www.stlukesonline.org/billing)
- B. All notices are translated into the following language(s): Spanish.
- C. St. Luke's provides individual notice of the availability of financial assistance to a patient expected to incur charges that may not be paid in full by third party coverage, along with an estimate of the patient's liability.
- D. For cases which St. Luke's independently determines patient eligibility for charity care, St. Luke's provides a written notice of determination that the patient is or is not eligible within 10 business days of receiving a completed application and the required supporting documentation.

## III. Pre-Payment and Installment Plans

- A. Pre-payment is expected for services that are not covered by insurance. This includes services that are non-emergent and/or not medically necessary, including but not limited to: cosmetic surgery, gastric bypass, and sterilization procedures or reversals. St. Luke's may defer or refuse treatment that is non-emergent and/or not medically necessary to such patients for financial reasons.
- B. Patients or their responsible parties are expected to pay their full liability for services rendered, upon receipt of their billing statement or in accordance with a mutually agreed upon installment payment plan.

- C. Individuals who are not able to pay their full liability upon receipt of their billing statement are offered a payment plan.
  - 1. St. Luke's offers interest-free payment plans for twelve (12) or less months with a minimum monthly payment of \$25.
  - 2. Individuals, who are not able to pay their full liability within twelve (12) months, may be eligible for a long-term payment program.

#### IV. Other Payment-Related Policies

##### Discounting of Charges

##### A. Prompt Pay Discount

- 1. For Patients. The patient or responsible party must pay the balance in full within 30 days of receiving the billing statement, in order to qualify for the discount.
  - a. Self-pay (if St. Luke's is out-of-network with patient's insurance plan)
    - 1) Facility = 5%
    - 2) Physician = 5%
  - b. Self-pay (uninsured)
    - 1) Facility = 10%
    - 2) Physician = 10%
- 2. For Third Parties:
  - a. In-network insurance companies are not eligible for a prompt pay discount.
  - b. If an out-of-network insurance company requests a prompt pay discount by submitting early payment, such terms will generally not be accepted. Any discount is determined on a case-by-case basis. If a discount will be extended to an out-of-network payer, payment must be made within 30 days of billing statement. However, by exception only, an agreement may be considered. The following guidelines apply, with \$5,000 typically being the minimum claim threshold for consideration:
    - 1) Commercial Insurance may receive up to a 5% discount, if:
      - a) Request for discount is received within 30 days from bill date for claims sent electronically (45 days for claims sent hard copy), and
      - b) Payment is received no later than 14 business days from date of agreement.
    - 2) Out of Country Insurance may receive up to a 10% discount, if:
      - a) Request for discount is received within 45 days from bill date, and
      - b) Payment is received 15 business days from date of agreement.

##### B. St. Luke's Employee Discount:

- 1. 25% Discount on unpaid balance of hospital bill after insurance (only includes hospital services covered by the patient's insurance plan)
- 2. Once the employee discount is taken, the prompt pay discount (indicated above) does not apply.

##### C. *Air St. Luke's* Membership Discount:

Payment of *Air St. Luke's* membership fee waives any deductible or other portion of the bill not covered by insurance for medically necessary transport services only.

##### Liens

- A. Liability Liens. Liability liens enable St. Luke's to secure payment for services rendered to a patient who is injured due to the negligence of a third party. When a lien is filed, if the patient settles a liability claim or receives a judgment against the at-fault third party, the lien must be discharged before the money can be fully distributed to the patient.

- B. Property Liens:
1. St. Luke's does not generally place liens on the patient or responsible party's personal property, such as primary residence or motor vehicle, without their consent. However, St. Luke's may place a "consensual lien" on personal property with consent through a mutual contract.
  2. Upon application for county financial assistance, Idaho law provides that an automatic lien is placed on all real and personal property of the applicant and on insurance benefits to which the applicant may become entitled. This lien is placed by the respective Idaho county, not by St. Luke's.

## V. Charity Care Services

- A. Eligibility. St. Luke's may provide charity care services to patients who meet one or both of the following guidelines based on income and expenses:
1. Income. Patients whose family income is equal to or less than 400% of the then current Federal Poverty Guideline are eligible for possible fee elimination or reduction on a sliding scale.
  2. Expenses. Patients may be eligible for charity care if his or her allowable medical expenses have so depleted the family's income and resources that he or she is unable to pay for eligible services. The following two qualifications must apply:
    - a. Expenses - The patient's allowable medical expenses must be greater than 30% of the family income. Allowable medical expenses are the total of family medical bills that, if paid, would qualify as deductible medical expenses for Federal income tax purposes without regard to whether the expenses exceed the IRS-required threshold for taking the deduction. Paid and unpaid bills may be included.
    - b. Resources - The patient's excess medical expenses must be greater than available assets. Excess medical expenses are the amount by which allowable medical expenses exceed 30% of the family income. Available assets do not include the primary residence, the first motor vehicle, and a resource exclusion of the first \$4,000 of other assets for an individual, or \$6,000 for a family of two, and \$1,500 for each additional family member.
- B. Service Exclusions:
1. Services that are not medically necessary (e.g. cosmetic surgery) are not eligible for charity care.
  2. Eligibility for charity care for a patient whose need for services arose from injuries sustained in a motor vehicle accident will be considered only if the patient, driver, and/or owner of the motor vehicle had a motor vehicle liability policy and has properly submitted a claim for payment to the motor vehicle liability insurer, where applicable.
- C. Eligibility Approval Process:
1. St. Luke's screens patients for other sources of coverage and eligibility in government programs. St. Luke's documents the results of each screening. If St. Luke's determines that a patient is potentially eligible for Medicaid or another government program, St. Luke's shall encourage the patient to apply for such program and shall assist the patient in applying for benefits under such program.
  2. The patient must complete a Financial Assistance Application and provide required supporting documentation in order to eligible.
  3. St. Luke's verifies reported family income and compares to the latest Poverty Guidelines published by the U.S. Department of Health and Human Services.
  4. St. Luke's verifies reported assets.
  5. St. Luke's provides a written notice of determination of eligibility to the patient or the responsible party within 10 business days of receiving a completed application and the required supporting documentation.

- 6. St. Luke’s reserves the right to run a credit report on all patients applying for charity care services.
- D. Eligibility Period. The determination that an individual is approved for charity care will be effective for six months from the date the application is submitted, unless during that time the patient’s family income or insurance status changes to such an extent that the patient becomes ineligible.
- E. Approval/Processing Guidelines:
  - 1. Director level or above Above \$10,000
  - 2. Business Services Manager Up to \$10,000

**VI. Collection Practices**

Standard Collection Procedures:

- A. St. Luke’s requests pre-payment of the expected deductible, copayment, coinsurance (if determinable), and non-covered amounts during pre-registration or at the time of service.
- B. St. Luke’s sends an initial bill to the responsible party shortly after patient discharge.
- C. St. Luke’s waits for a reasonable period of time to allow the third party to pay. At the end of this period, a bill is sent to the patient or responsible party to pay the account following the guidelines in this policy and/or pursue the third party payer themselves.
- D. Subsequent billings, telephone calls, collection letters, personal contact notices, and any other notifications are made as a genuine effort to contact the party responsible for the obligation. St. Luke’s makes a minimum of three (3) attempts to collect on all outstanding balances.
- E. St. Luke’s documents the efforts made to locate the responsible party or the correct address on billings returned by the postal service as “incorrect address” or “undeliverable”.
- F. St. Luke’s documents the continuous collection action undertaken on a regular, frequent basis.
- G. Accounts are sent to a collection agency and written-off to bad debt only after every effort has been made to collect the account balance.

<u>RELATED DOCUMENTS:</u>	<p><b>Financial Assistance Application (FAA)</b> [posted on <a href="http://www.stlukesonline.org/billing">www.stlukesonline.org/billing</a> (Paying Your Bill – English/Spanish version)]</p> <p><b>Federal Poverty Guideline (FPG)</b> [“FPG” posted on <i>Inside</i> St. Luke’s Patient Financial Services Department webpage]</p>
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SYSTEM POLICY AUTHORIZED BY:

Original signed by Jeff Taylor  
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 System Vice President, Chief Financial Officer

09/30/10  
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 Date