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Owner **Cynthia Brandt:**
Chief Financial
Officer
Policy Area **Fiscal Services**

Financial Assistance Policy

PURPOSE/SCOPE

The Financial Assistance Policy is designed to provide a consistent and uniform evaluation of the patient/guarantor's ability to pay self pay balances owed to Petersburg Medical Center (PMC). The overall expectation of Petersburg Medical Center is that those persons who have the ability or resources to pay amounts due to PMC should be required to do so. However, those persons who cannot pay amounts owed, or who face extenuating circumstances, may receive corresponding accommodation by PMC in the form of a Financial Assistance write off.

POLICY

Petersburg Medical Center is committed to the provision of health care services to all persons in need of medical attention regardless of the ability to pay. Petersburg Medical Center does not discriminate in the provision of services to an individual based on: the individual's inability to pay; whether payment for those services would be made under Medicare, Medicaid, or CHIP; the individual's race, color, sex, national origin, disability, religion, age, sexual orientation, or gender identity. This Financial Assistance Policy establishes criteria for discounts from billed charges to those persons whose income or resources are insufficient to pay for services provided to them.

All services billed by the Petersburg Medical Center, including but not limited to inpatient, outpatient, emergency, physician and clinic services are covered by the hospital's Financial Assistance Policy. Asset testing and other items not related to income or family size will not be applied.

DEFINITIONS

Patient/guarantor: These terms are used interchangeably in the Policy to refer to the person or persons responsible for payment of the services provided.

Alaska Poverty Level: The schedule of annual and monthly poverty guidelines issued for the State of Alaska by the U.S. Department of Health and Human Services.

Medicaid and Medicare: Government programs which provide payment for medical services to individuals under certain circumstances.

Self Pay Balance: The balance of a patient account owed by the patient/guarantor, either after a third party such as an insurance company or Medicare has paid on the account, or because the responsible party has no insurance or other coverage.

Third Party: Companies, programs or individuals, other than the patient/guarantor, who have legal obligations to pay on a patient account. Examples of third parties are insurance companies, Medicare, Medicaid, Worker's Compensation programs, the Veteran's Administration, or individuals (in the case of automobile accidents).

PROCEDURE

1. The Financial Assistance policy applies to self-pay balances after all third party and personal resources have been exhausted. Financial assistance is secondary to all other resources. Financial assistance may be applied for prior to services being received if the guarantor expects there may be a cost to the services over and above his or her ability to pay for such services. Financial assistance may not be applied to an account that has been turned over to a collection agency for collection.
2. Complete application may be submitted as follows:
 - a. Delivered in person to the PMC Business Office
 - b. Faxed to the PMC Business Office (907)772-3085
 - c. Emailed to financialservices@pmc-health.org
 - d. Mail to: Petersburg Medical Center, PO Box 589, Petersburg, AK 99833
3. To qualify for financial assistance, the patient, guardian, guarantor, relative, or patient representative must complete the Financial Assistance Application and provide the required supporting documentation.
4. All patients/guarantors who receive a Financial Assistance Application must complete and return the application within 10 business days (unless the patient calls with a legitimate reason to extend the deadline), along with the required documentation listed in the application that serves as the minimum information necessary to process an application for financial assistance.
5. A Medicaid application is required to be concurrently completed with most Financial Assistance Applications. PMC may dispense with the Medicaid application requirement if the guarantor's circumstances indicate that the Medicaid application will be denied. If guarantors are required to complete a Medicaid application, the Medicaid application must be submitted within two weeks of the Financial Assistance Application. It is the patient's responsibility to notify PMC if their financial situation changes. PMC reserves the right to reevaluate a patient's financial assistance based off any changes in patient's financial situation.
6. A copy of the completed Medicaid application must be supplied to Petersburg Medical Center. Failure to provide evidence that Medicaid has been applied for when required may result in the account being turned over to a collection agency immediately.

7. Medicaid applications generally take about 30 days to process. The response from Medicaid, either approval or denial, must be submitted to the Business Office immediately upon receipt by the guarantor or applicant.
8. Patients already receiving Medicaid and unable to make their Medicaid co-payments may qualify for financial assistance. Co-payments of \$50 or less will automatically qualify for write off. Medicaid patients with Co-payments of \$50 or more will need to apply for financial assistance.
9. There are instances where a patient may appear eligible for Financial Assistance care, but supporting documentation is lacking or unavailable. In such event, Petersburg Medical Center will use other appropriate 3rd party resources to estimate an individual's income. A patient meeting the criteria for presumptive financial assistance will have all charges waived. Presumptive eligibility may be determined on the basis of an applicant's circumstances that may include:
 - a. Enrolled in a state-funded prescription programs
 - b. Being homeless or receiving care from a homeless clinic
 - c. Participating in a WIC program
 - d. Being eligible for food stamps
 - e. Being eligible for other state or local assistance programs such as Medicaid and out-of-state Medicaid
 - f. Residing in low income/subsidized housing, providing the address supplied by the patient is a valid address
 - g. Patient is deceased with no known estate
10. Financial assistance eligibility depends on annual income and family size. All circumstances are considered in the determination of eligibility for a financial assistance write off, including income other than wages, employment status, and the ability to earn income in the immediate future and in the long term.
11. Financial assistance applications are processed by the Petersburg Medical Center Chief Financial Officer, Controller, or designee. Notifications of either approval or denial are made in writing to the address on the application. Determinations on financial assistance applications are normally made within 10 business days of submission.
12. Financial assistance write offs are based on the percentage of gross monthly income compared to the current monthly Alaska Poverty Level. The Alaska Poverty Level is revised annually by the U.S. Department of Health and Human Services. The write off percentages are outlined in attached file.
13. Appeals of financial assistance denials may be made in writing to the PMC Chief Executive Officer or designee within 10 business days of receipt of the denial. The appeal request must be in writing. Determinations by the Chief Executive Officer or designee are final.
14. A request may be made for a catastrophic circumstance adjustment, even if the guarantor's income exceeds the current Alaska Poverty Level. Typical catastrophic circumstances are cases where major medical issues, or extensive long term medical problems, have placed the guarantor in severe economic jeopardy. The catastrophic adjustment request must be in writing with adequate supporting documentation. Catastrophic adjustment decisions are

documented in writing by the Chief Financial Officer or Controller.

OTHER CONSIDERATIONS

Determining Amounts Generally Billed

Following a determination of financial-assistance eligibility, an individual will not be charged more than the amounts generally billed (AGB) for emergency or other medically necessary care provided to individuals with insurance covering that same care.

At Petersburg Medical Center the AGB is determined through the "Look-back method" which is calculated as follows:

1. The AGB is calculated by reviewing all past claims that have been paid in full to the hospital facility for medically necessary care by Medicare with all private health insurers paying claims to the hospital in a prior 12-month period. This amount can include co-insurance; copayments and deductibles.
2. The AGB for emergency or medically necessary care provided to a financial assistance-eligible individual is determined by multiplying gross charges for that care by one or more percentages of gross charges (called "AGB percentages").
 - a. The percentages are calculated at least annually by dividing the sum of certain claims paid to the hospital facility by the sum of the associated gross charges for those claims.
 - b. Multiple AGB percentages may be calculated for separate categories of care (for example, in-patient versus out-patient care; or care provided by different departments) or for separate items or services.
3. The percentages are applied by the 45th day after the end of the 12-month period the hospital facility used in calculating the AGB percentage(s).

Criteria for Referral to Third Party Collection

Petersburg Medical Center will make all reasonable efforts to determine eligibility under its financial assistance policy prior to sending any account to a third party for collection.

Guarantors for self-pay accounts have 120 days from the date of the first statement to apply for financial assistance or to pay the balance in full. Within the 120 days, guarantors will receive three statements, a courtesy phone call, and a final demand letter. Any outstanding balance due after 120 days from the first statement date will be referred to a third party collection agency.

Payment Plan

Petersburg Medical Center offers an affordable payment plan to assist patients in meeting their financial needs and obligations.

The following schedule will be used by the Business Office in establishing a reasonable payment schedule by guarantors. This schedule is modifiable with approval of the Chief Executive Officer and Controller, or designees.

Balance:	Payment Term
\$125- \$749.99	6 months
\$750 –\$1,499.99	12 months
\$1,500-\$2,499.99	18 months
\$2,500 – \$2,999.99	24 months
\$3,000 +	36 months

Any patient may apply for financial assistance up to 240 days after the first billing date and no extraordinary collection activity (credit reporting and/or legal action) will take place before the 240 days.

CROSS REFERENCE

Credit and Collection Policy

REFERENCE

Alaska Poverty Guidelines

Financial Assistance application

AFFECTED DEPARTMENTS

Facility wide

END OF POLICY

All Revision Dates

04/2021, 03/2021, 03/2021, 01/2021, 01/2021, 03/2019, 06/2017, 07/2016

Attachments

[2021 Sliding fee matrix](#)

Approval Signatures

Step Description

Approver

Date

Policy Committee

Philip Hofstetter: CEO

04/2021

Belinda Chase: Policy
coordinator

04/2021

Rocio Tejera: Controller

04/2021

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