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<b>Owner:</b>	<i>Rocio Tejera: Controller</i>
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<b>Affected Areas:</b>	

## Charity Policy

### PURPOSE/SCOPE

The Charity 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 charity 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 Charity 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. No Petersburg Medical Center credentialed physicians are excluded from this 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 Charity Policy applies to self pay balances after all third party and personal resources have been exhausted. Charity is secondary to all other resources. Charity 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. Charity may not be applied for after an account has been turned over to a collection agency for collection.
2. A Medicaid application is required to be concurrently completed with most charity applications. The PMC Business Office may dispense with the Medicaid application requirement if the guarantor's circumstances indicate the Medicaid application will be denied. If guarantors are required to complete a Medicaid application they may wait for a response from Medicaid before completing the charity application.
3. Medicaid applications must be submitted to the State of Alaska Medicaid office within 14 days of the guarantor's first contact with the Business Office regarding charity. 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.
4. Medicaid applications generally take about 30 days to process. The response from Medicaid, either approval or denial, must be turned in to the Business Office immediately upon receipt by the guarantor.
5. Criteria on the charity application include annual income, household/family size, assets, amounts owed, and income tax returns for two years. All circumstances are considered in the determination of eligibility for a charity write off including, but not limited to, disposable assets, income other than wages, , and the ability to earn income in the immediate future and in the long term. A credit report on the guarantor, or any member of the household, may be generated at the option of Petersburg Medical Center. A deliberate omission or misstatement on the charity application will result in a denial when identified.
6. The charity application must be returned within 14 days of when the application form is given to the account guarantor. Failure to return the charity form, with all attachments, within 14 days may result in the account, or accounts, being immediately turned over to a collection agency.
7. Charity 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 charity applications are normally made within 14 days of submission.
8. Amounts written off for approved charity applications are based upon 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 Exhibit A.

9. Appeals of charity denials may be made in writing to the Administrator of Petersburg Medical Center within 14 days of receipt of the denial. The appeal request must be in writing. Determinations by the Administrator are final.
10. In circumstances where major economic distress will result as a consequence of the guarantor's medical liabilities, 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. To maintain a consistent application of the adjustments, an annual review each January of all catastrophic adjustments for the previous 12 months is made by the Administrator or designee.

## **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 verses out-patient care; or care provided by different departments) or for separate items or services.
3. The percentages are applied by the 45<sup>th</sup> day after the end of the 12-month period the hospital facility used in calculating the AGB percentage(s).
4. Patients who would like to confirm the percentage are directed to email PMC Patient Financial Services at [financialservices@pmc-health.org](mailto:financialservices@pmc-health.org).

### **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.

As a self pay account the guarantor will be sent two monthly statements by Petersburg Medical Center. The second statement will prominently display a notice to the effect that the balance is past due. Self pay accounts not paid or agreeing to a payment schedule will be sent a demand letter after the second patient responsibility statements, and business office staff will make a final notification phone call approximately 2-3 weeks after the demand letter. If payment in full or a reasonable payment schedule is not agreed to by the account

guarantor within 90 days of the account being classified as a self pay account, the account will be transferred to a collection agency for follow up collection.

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:

#### Payment Schedule

<b>Balance Due:</b>	<b>Maximum Payment Term</b>
Under \$500	Six months
\$501-\$1,200	12 months
\$1,201-\$2,400	24 months
\$2,401-\$3,600	36 months
\$3,601-\$4,800	48 months
\$4,801+	60 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

## **RELEVANT FORMS**

Alaska Poverty Guidelines

Charity application

## **AFFECTED DEPARTMENTS**

Business Office

Finance

Clinic

## **END OF POLICY**

All revision dates:

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

## Attachments

No Attachments

## Approval Signatures

Step Description	Approver	Date
	Philip Hofstetter: CEO	01/2021
Policy Committee	Belinda Chase: Policy coordinator	01/2021
	Rocio Tejera: Controller	01/2021