Lower Bucks Hospital

Accounting of Patient Financial Assistance Discounts

Subject:	Internal Accounting Financial Assistance Policy (For Profit and Not for Profit Facilities)	Formulated:	08/2024
Manual:	Finance and Accounting	Reviewed:	
		Last Revised:	

This policy provides a description of hospital charges related to patient financial assistance for purposes of Medicare cost reporting. Specifically, this policy complements the financial assistance policy and self-pay discount policy and provides accounting guidelines for uncompensated care amounts reported on Worksheet S-10 of the Medicare cost report. This policy is for internal accounting use only. The discounts described below result in uncompensated care at a Prime Healthcare hospital (i.e., care was provided to a patient without reimbursement).

Charity Care and Discount Payment Program

Charges related to Prime's Charity Care and Discount Payment Program written off during the fiscal year are reported as uncompensated care. Charity care and self-pay discounts follow the procedures articulated in separate FAP documents. Prime Healthcare may provide charity care for uninsured patients, as well as patients with insurance in relief of the coinsurance, copayment and deductible and/or patient liability amounts.

Presumptive Charity Care

All Prime hospitals qualify a patient for presumptive charity care after reasonable efforts to locate and contact the patient have been unsuccessful and the Hospital's PFS team has reason to believe that the patient would qualify for Charity Care or the Discount Payment Program (e.g., patient is deceased, bankrupt, incarcerated, non-responsive, homeless, or unwilling to provide documentation). Patient financial assistance related to Charity Care and the Discount Payment Program may be documented as reflected in the transaction code used to adjudicate the patient's claim, including but not limited to transactions related to Charity Care, self-pay discounts, non-covered services and denials. Prime Healthcare hospitals may also use predictive software as a means of determining presumptive charity care eligibility.

Prime hospitals may also qualify a patient for presumptive charity care under, but not limited to, the following circumstances:

- The patient submits a partially-completed Financial Assistance Application Form and the information provided indicates the patient qualifies for charity care or discounted care under the Financial Assistance Policy.
- The patient submits a partially-completed Financial Assistance Application Form but does not provide proof of income or family size and does not respond to continued contact to complete the process for a period of 120 days, unless otherwise noted in the hospital's Financial Assistance Policy.
- The patient is unemployed at the time services are provided.
- The patient is homeless or lives at a facility for the homeless.
- The patient has applied for a county indigent health care program within the patient's county of residence.
- The patient is a foreign national who was brought to the hospital by the Department of Immigration, was not "in custody" by the agent, and the Department of Immigration is not responsible for the payment of medical services.
- The patient's payment from Medicare is denied due to the patient being in the country illegally (had coverage but failed to renew their "Green Card").
- The patient received services provided under the "Wellness Program", which provides for lab tests at a reduced rate with or without a physician order and irrespective of patients' insurance status.
- The patient received services in a clinic specifically designated for services to low income patients (i.e., maternity or prenatal clinic).
- For uninsured Emergency Room patients only:
    - The patient and, if applicable, the patient's spouse are unemployed at the time services are provided.
    - The patient indicates he or she has no phone number or the phone is disconnected.
    - The patient lives in government-sponsored housing.
    - The hospital's third-party eligibility vendor provides documentation of qualifying income amounts or disability status.
    - The patient has dependents and a marital status as single.

Flat Rate Discounts

Prime hospitals may have certain self-pay discounts related to services where the payment is specified as a flat amount (e.g., OB). The amount that is a discount under this policy is the difference between full charges and the payment received by the hospital.

Bad Debt

The amount of bad debt reported as uncompensated care on the Medicare cost report (Worksheet S-10) represents the amount of bad debt when an account is placed to a collections vendor, net of all recoveries received during the fiscal year. Total bad debt includes amounts for Medicare patients. This reporting is regardless of whether or when Medicare bad debt accounts meet any separate requirements for reimbursement under a Medicare bad debt audit (e.g., timely billing, returned from collection agency, etc.). Any account that qualifies for bad debt, but is not deemed as bad debt (resulting from revenue recognition accounting standards), may be considered and reported as patient financial assistance as a reduction to Hospital revenue.

Discounts under FASB revenue recognition accounting rules

New accounting rules address the recognition of net revenue using historical or expected payments for various payers or groups of payers up front rather than clearing balances to bad debts. This discount is accomplished either through a "topside" entry or a transaction code at the patient level. Discounts relating to these revenue recognition rules will be treated as discounts under this policy. The business office will maintain details and examples of discounts and will define the processes to be used for the write-off.

Discovery of Charity Claims Initially Determined Bad Debt

While Prime Healthcare strives to determine patient financial assistance as close to the time of service as possible, in some cases further investigation is required to determine eligibility. Some patients eligible for financial assistance may not have been identified prior to initiating external collection action. Prime Healthcare's collection agencies shall be made aware of this possibility and are requested to refer back patient accounts that may be eligible for financial assistance.

When an account is discovered as eligible for financial assistance, Prime Healthcare will reverse the write-off of any bad debt account where it was discovered the patient qualified for charity care and will re-process the claim as a charity care in the current fiscal year. The discovery of bad debt accounts that are truly eligible for charity care (reversal of bad debt and recording a charity care) may result from a current evaluation of the patient's qualification for charity care (e.g., using presumptive charity care

software). In cases where bad debt is discovered and reprocessed as charity care, Prime Healthcare hospitals will:

- Reduce the amount of bad debt reported on Worksheet S-10 of the current Medicare cost report by the amount of bad debt transfers that are posted to charity care.
- Increase charity care reported on Worksheet S-10 of the current Medicare cost report by the amount of bad debt transfers that are posted to charity care.

Non-Covered Charges from all Payors

Any unreimbursed charges from non-cosmetic services, including non-covered or denied services from any payor, such as charges for days beyond a length-of-stay limit, exhausted benefits, balance from restricted coverage, Medicaid-pending accounts, Medicaid past filing accounts (filing deadline denials), and payor denials, are considered a form of patient financial assistance at Prime Healthcare. Charges related to these discounts written off during the fiscal year are reported as uncompensated care.

Insured Patients Not Under Contract with Prime Healthcare

Negotiations with insurance carriers involving inferred contractual relationships, for insured patients not under contract with Prime Healthcare, will be conducted by executive leadership at Prime Healthcare. Although Prime Healthcare may agree to the terms of the negotiations with insurance companies, an inferred contractual relationship is not representative of a patient "under contract" with Prime Healthcare.

Per Medicare cost report instructions updated under Transmittal 18, for patients with coverage from an entity/insurer, regardless of whether that entity/insurer has a contractual or inferred contractual relationship with Prime, Prime may record the discounted or written-off portion of total charges as patient financial assistance.

Access to Healthcare Crisis

An Access to Healthcare Crisis must be proclaimed by Prime Healthcare executive leadership and attached to the patient financial assistance document as an addendum. An Access to Healthcare Crisis may be related to an emergent situation whereby state / federal regulations are modified to meet the immediate healthcare needs of Prime Healthcare's community during the Access to Healthcare Crisis. During an Access to Healthcare Crisis, Prime Healthcare may "flex" its Financial Assistance Policy to meet the needs of the community in crisis. Patient discounts related to an Access to Healthcare Crisis may be provided at the time of the crisis, regardless of the date of this policy (as hospital leadership may not be able to react quickly enough to update policy language in order to meet more pressing needs during the Access to Healthcare Crisis).

Revision History Table

Document Number and Revision Level	Final Approval by	Date	Brief description of change/revision