



FIN 006

MHS

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**Department Generating Policy: Finance**

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**POLICY:**

1. As a part of its mission, Methodist Health System (MHS), d/b/a Methodist Dallas Medical Center, (MDMC) Methodist Charlton Medical Center, (MCMC) Methodist Mansfield Medical Center, (MMMC) and Methodist Richardson Medical Center (MRMC) provides financial assistance to patients who lack the ability to pay for hospital services.
2. As a part of its stewardship duty to use its resources as effectively as possible, manage its business affairs prudently and well, and preserve its capacity to continue serving in future years, while fulfilling current needs, MHS strives to identify the value of financial assistance it provides to emergent and non-emergent patients who cannot pay for hospital care because they lack the necessary financial resources. This Policy establishes the framework pursuant to which MHS identifies patients that may qualify for financial assistance, provides financial assistance and accounts for financial assistance. The Policy also serves to meet the requirements set forth in state and federal laws, including but not limited to Texas Health and Safety Code Chapter 311 and Internal Revenue Code 501(r).
3. At all main patient registration points, emergency rooms and in such other locations as the hospital deems likely to give notice of the charity care program and policies the hospital will post a bilingual notice which will include instructions on how to obtain a free printed version of the plain language summary, the FAP and an application for financial assistance. Additionally, the bilingual FAP, a plain language summary and the application form will be made available on the hospital web site. <http://info.mhd.com/fap>. Printed copies may also be obtained at 4040 N Central Expressway, Suite 601, Dallas, TX 75204 or by calling 214-947-6300 or toll free 866-364-9344 and requesting they be mailed. Assistance with understanding and completing the Financial Assistance Application is available by calling the above listed numbers or going to the above listed location. The FAP will be made widely available to members of the public by publishing a plain language summary in the largest local print media of the applicable service area. Translations of this policy are available in the languages listed on Exhibit A and may be obtained on the website listed above or at the offices listed above.
4. Regardless of an individual's ability to qualify under this FAP, each MHS hospital facility will provide, without discrimination, care for any emergency medical condition. In 1986, the U.S. federal government passed Section 1867 of the Social Security Act (42 U.S.C. 1395dd) also known as the Emergency Medical Treatment and Labor Act (EMTALA). This act requires any hospital that accepts payments from Medicare to provide care to any patient who arrives in its emergency department for treatment, regardless of the patient's citizenship, legal status in the United States, or ability to pay for the services. Further information regarding which services are covered or not covered is attached as Exhibit B.
5. The hospital facility will charge a person who qualifies under this FAP less than "gross charges". The hospital will limit the amount charged for any emergency or other medically necessary care it provides to a FAP-eligible individual to not more than the amounts generally billed (AGB) to individuals with insurance covering that care.

6. Each MHS hospital shall report annually to the Texas Department of Health and the Internal Revenue Service the amount of financial assistance and government-sponsored indigent health care provided to patients, as defined by applicable law.
7. Procedures that are deemed not emergency or medically necessary including, but not limited to, those listed on Exhibit B are not covered by this policy.

DEFINITIONS:

1. Amounts generally billed (AGB) means the amounts generally billed for emergency or other medically necessary care to individuals who have insurance covering such care. AGB percentage means a percentage of gross charges that a hospital facility uses to determine the AGB for any emergency or other medically necessary care it provides to an FAP eligible individual. For each hospital the claims during the prior fiscal year are included in the calculation. The claims include Medicare fee-for service as well as all other private health insurers. MHS has adopted the "Look Back Method" as defined by Internal Revenue Service Code Section 501(r). Current AGB's by hospital facility are MDMC 32.81%, MCMC 25.91% MMMC 30.83% and MRMC 32.08%. MHS will apply one system-wide rate for all hospitals adopting the FAP. The AGB is calculated annually and the MHS Chief Financial Officer will determine the system-wide AGB rate, which cannot be more than the lowest individual hospital AGB. The current AGB rate being applied by all of the Hospital facilities listed above is 25%. In the event the outstanding patient account balance is less than the calculated AGB discount based on deposits or previous payments made, MHS will refund the patient the amount over the AGB calculated amount. MHS will ensure that any prepayments or deposits required prior to receiving medically necessary care are less than AGB, in order to comply with the "safe harbor" requirements of section 1.501(r)-5(d) of the Federal Income Tax Regulations.
2. Extraordinary collection actions (ECAs) are defined by Section 501(r) of the Internal Revenue Code as certain actions taken by MHS against an individual related to obtaining payment of a bill for care covered under MHS's FAP. Methodist Health System will send statements, letters and make collection calls to pursue collection of any outstanding balances. Methodist Health System does not engage in any ECA's.
3. FAP application means the information and accompanying documentation that MHS requires an individual to submit to apply for financial assistance under MHS's FAP. An FAP application is considered complete if it contains information and documentation sufficient for MHS to determine whether the applicant is FAP-eligible and incomplete if it does not contain such information and documentation. Free copies are available on MHS's web site. <http://info.mhd.com/fap> Free printed copies may also be obtained at 4040 North Central Expressway, Suite 601, Dallas, TX 75204 or by calling 214-947-6300 or toll free 866-364-9344 and requesting they be mailed. Assistance with completing the Financial Assistance Application is available by calling the above listed numbers or going to the above listed location.
4. FAP-eligible individual means an individual eligible for financial assistance under MHS's FAP.
5. Gross charges, or the chargemaster rate, means MHS's full, established price for medical care that MHS consistently and uniformly charges all patients before applying any contractual allowances, discounts, or deductions.

6. Plain language summary means the written statement that notifies an individual that MHS offers financial assistance under a FAP and provides the following additional information in language that is clear, concise, and easy to understand:
  - A. A brief description of the eligibility requirements and assistance offered under the FAP.
  - B. The direct website address (or URL) and physical location where the individual can obtain copies of the FAP and FAP application form;
  - C. Instructions on how the individual can obtain a free copy of the FAP and FAP application form by mail;
  - D. The contact information, including the telephone number(s) and physical location of hospital facility staff who can provide an individual with information about the FAP and the FAP application process, as well as of the nonprofit organizations or government agencies, if any, that the hospital facility has identified as available sources of assistance with FAP applications;
  - E. A statement of the availability of translations of the FAP, FAP application form, and plain language summary in other languages, if applicable; and
  - F. A statement that no FAP eligible individual will be charged more for emergency or other medically necessary care than AGB.

GUIDELINES:

1. MHS will take into account the income level, family size, and amount of hospital charges described in Exhibit C in order to determine eligibility for the levels of financial assistance described in that exhibit. In certain extraordinary cases where these factors may not accurately reflect the patient's ability to pay, MHS may take into account the earning status and potential of the patient and family, and frequency of their hospital and medical bills.
2. Patients eligible for financial assistance consideration will include both Financially Indigent and Medically Indigent applicants who have inadequate resources to pay for services provided.
  - A. Financially Indigent patients include those patients who are uninsured or underinsured, whose annual income is equal to or less than the Federal Poverty Guidelines, as published each February in the Federal Register, and who have no ability to pay for their medical care.
  - B. Medically Indigent patients include those patients who are capable of paying for their living expenses, but who's medical and hospital bills, after payment by third party payers, would require use or liquidation of income and/or assets critical to living or earning a living.

Taking the above information into consideration the attached Financial Assistance Guidelines, Exhibit C, are utilized to determine what amount, if any, of the outstanding patient account balance will be discounted after payment from third parties.

Individuals may request financial assistance by completing and submitting a financial assistance application. Applications are available at all main patient registration sites and emergency rooms, or on the hospital web site, <http://info.mhd.com/fap>. Printed free copies may also be obtained at 4040 N Central Expressway, Suite 601, Dallas, TX 75204 or by calling 214-947-6300 or toll free 866-364-9344 and requesting they be mailed. Applications will be accepted up to 240 days after the hospital facility mails or electronically provides the individual with the first post-discharge billing statement for the care.

3. MHS may conclude, without a completed assessment of eligibility that a favorable classification of qualification for charity may be appropriate based upon information it obtains from the patient and/or related parties which demonstrates to MHS that the patient qualifies for financial assistance pursuant to this policy. As one example, MHS has determined that based upon its experience over the years, certain self-pay accounts originating in the Emergency Department (ED) should be classified as charity. MHS determined this classification was warranted because (i) MHS

ED's treat all patients regardless of their ability to pay, (ii) a high number of indigents reside near the hospitals and use the ED for emergency and primary care, and (iii) MHS cannot obtain detailed information on the financial status of the vast majority of these patients.

The hospital facility will conspicuously post instructions on obtaining complete and current versions of the FAP documents in English and in the primary language of any populations with limited proficiency in English. The MHS web site <http://info.mhd.com/fap> will provide clear instructions for accessing the FAP documents on that website without requiring special computer hardware or software not readily available to the public and without payment of any fee. MHS will inform and notify members of the community served by MHS hospitals about the FAP on its website and by publishing the FAP Summary in the Dallas Morning News and in the prevalent applicable printed news of qualifying LEP publications.

The notification period of financial assistance begins at the time of registration, and extends out to 120 days from the time the first billing statement is mailed or electronically provided. Identification can occur at any time sufficient information is available to make the determination, including well after the normal collection cycle. MHS will distribute a plain language summary of the FAP, and offer a FAP application form, to the individual before discharge from the hospital. MHS will also include the plain language summary of the FAP with the first three billing statements for the care and all other written communications regarding the bill provided to the individual during the notification period. In addition, MHS will inform the individual about the FAP in all oral communications regarding the amount due for the care that occur during the notification period. Finally, MHS will provide the individual with at least one written notice that informs the individual about the Extraordinary Collection Action (ECA) MHS may take if the individual does not submit a FAP application or pay the amount due by a date that is no earlier than the last day of the notification period. MHS will provide this written notice at least 30 days before the deadline specified in the notice.

4. An individual's failure to provide information necessary to complete a financial assessment may result in a negative determination. MHS will make efforts to obtain the incomplete information, which include written requests for the information needed. MHS will accept and process FAP applications submitted by an individual during an "application period" that ends on the 240th day after the hospital facility mails or electronically provides the individual with the first billing statement for the care. If an individual submits an incomplete FAP application during the application period, MHS will make reasonable efforts to determine whether the individual is FAP-eligible.

First, if applicable, the hospital facility must suspend any ECA's against the individual (meaning it does not initiate any new ECA's or take further action with respect to previously-initiated ECAs). Second, MHS will provide the individual with a written notice that describes the additional information needed and/or documentation the individual must submit to complete his or her FAP application and include a plain language summary of the FAP with the written notice. Third, the hospital facility will provide the individual with at least one written notice that informs the individual about the ECA's that the hospital facility or other authorized party may initiate or resume if the individual does not complete the application or pay the amount due by a completion deadline (specified in the notice) that is no earlier than the later of 30 days from the date of the written notice or the last day of the application period. The hospital facility will provide this written notice regarding ECAs at least 30 days before the completion deadline. At the current time MHS does not engage in any ECA's

5. Classification of an account as financial assistance will suspend efforts to collect the account from the patient. Routine activity may continue in order to ensure that MHS can identify changed circumstances in the future and ensure continuity with respect to subsequent visits. Efforts to collect from third parties will continue, and any resulting collection would be a charity recovery. Classification of an account as financial assistance should not occur until:

- A. It is determined that: in accordance with Item 3 above, the patient and guarantor definitely do not have the financial resources to pay the account (or portions of the account), or, in accordance with Item 6 below, treatment as financial assistance is warranted under the circumstances as determined by MHS.
  - B. It may be appropriate in some cases to notify a patient or guarantor that the account is classified as financial assistance, if doing so will enhance the public's understanding of the hospital's charity care or assist in the collection of a portion of the account. If a patient or guarantor is to be notified that the account will be classified as financial assistance, the notification should be from a member of Hospital Management, as designated by the Vice President.
6. MHS's Director of Patient Accounts will be responsible for the determination that reasonable efforts have been made to determine if a patient is FAP eligible. Further the MHS Director of Patient Accounts will be responsible for recommending a financial assistance classification. The MHS Senior Vice President or Vice President of Corporate Collections, who are authorized by the Executive Vice President/Chief Financial Officer, must approve the classification.
7. No person shall be excluded from consideration for financial assistance based on race, creed, color, religion, gender, national origin, disability, age, sexual orientation, gender expression, or marital status.
8. The Finance Committee of the MHS Board of Directors, acting under the authority of the Board, has approved this policy and has authorized the MHS Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to act on the committee's behalf as it relates to the administration of this policy.

APPROVED BY: electronic approval as indicated \_\_\_\_\_ CFO

APPROVED BY: electronic approval as indicated \_\_\_\_\_ CEO

The office responsible for this policy is the Corporate Finance Department Questions about this Memorandum or suggestions for improvement should be directed to the MHS Executive Vice-President/Chief Financial Officer at 214-947-4510.

FINANCIAL ASSISTANCE POLICY  
EXHIBIT A

Translations for this policy are available in the following languages.

1. English
2. Spanish
3. Vietnamese
4. Mandarin
5. Korean
6. Arabic

FINANCIAL ASSISTANCE POLICY  
EXHIBIT B

Pursuant to the MHS Emergency Medical Treatment and Labor Evaluation Policy (PC 033) "Any individual (including minor children and/or infant) who presents to any MHS facility requesting assistance for a potential Emergency Medical Condition (EMC) will receive a Medical Screening Exam (MSE) by a qualified Medical Provider to determine whether an EMC exists. Individuals determined to have an EMC, or be in Labor will be treated and their condition stabilized \*\*\*\* without regard to their ability to pay for services" It further states that the hospital shall not delay providing an MSE and/or necessary stabilizing treatment in order to inquire about an individual's method of payment or insurance status. Admission and registration staff are required to follow the following guidelines.

1. Do not interfere with the timeliness of the medical screen.
2. Do not call a managed care organization for permission to do a medical screen.
3. Do not say or imply anything to the patient that might discourage them from seeking the medical screen.
4. Avoid actions that discourage seeking emergency care.
5. Will not engage in debt collection activities in the emergency room.

SERVICES NOT COVERED BY THIS POLICY

The following services are not generally considered to be emergent or medically necessary care under this Policy.

1. Cosmetic Only Surgery
2. Gastric Bypass Surgery
3. Lap Band Surgery

All emergent or medically necessary care would be covered under this policy.

FINANCIAL ASSISTANCE POLICY  
EXHIBIT C

Based on Federal Poverty Guidelines issued 1/25/2016 <http://aspe.hhs.gov/poverty/index.cfm>

Financially Indigent  
Classification

Number in Household	100%
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1	\$11,880
2	\$16,020
3	\$20,160
4	\$24,300
5	\$28,440
6	\$32,580
7	\$36,730
8	\$40,890
Discount	100% of Balance Due

For families with more than 8 persons add \$5,200 for each person.

Medically Indigent  
Classification

Number in Household	500%
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1	\$59,400
2	\$80,100
3	\$100,800
4	\$121,500
5	\$142,200
6	\$162,900
7	\$183,650
8	\$204,450
Discount	95% of Balance Due

Balance due must be greater than 5% of Patients Yearly Income for eligibility

Patient Payments will not exceed Amounts Generally Billed (AGB).

Financial assistance does not apply to bills from Doctors, outside labs and other providers.

FINANCIAL ASSISTANCE POLICY  
EXHIBIT D

Providers Not Covered By the MHS Financial Assistance Policy

Certain professional and physician services are often performed along with the hospital services as ordered by various treating physicians. A patient may be billed separately for services provided by their attending physician, ER physician, radiologists, hospitalists, pathologists, cardiologists, neonatologists, anesthesiologists and/or other non-hospital providers. The MHS Financial Assistance Policy applies only to services provided by the hospital entities listed in this policy and who have adopted this policy.

Non-Covered Providers include the following categories:

- Ambulance Charges
- Ambulatory Surgery Centers
- Anesthesiologist
- Attending Physician
- Cardiologist
- Dialysis Centers
- Durable Medical Equipment
- Emergency Room Physician
- Home Health
- Hospitalists
- Neonatologist
- Other Professional Providers
- Outside Laboratory
- Pathologist
- Physicians
- Radiologist