



Rev. 07/14, 07/15, 07/16, 01/17,8/17

Spanish Espanol

ATENCIÓN: Si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística.

French Français

ATTENTION: Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement.

Financial Assistance Policy for Mount Desert Island Hospital and Health Centers

PURPOSE

Mount Desert Island Hospital a non-profit healthcare provider. Aligned with our core value of commitment to those who are poor, we provide care for persons who are in need and give special consideration to those who are most vulnerable, including those who are unable to pay and those whose limited means make it extremely difficult to meet the expenses incurred in receiving healthcare. The purpose of this policy is to establish guidelines for Financial Assistance for patients who incur significant financial burden as a result of the amount they are expected to owe “out-of-pocket” for medically necessary health care services.

In addition, this policy provides administrative and accounting guidelines for the identification, classification and reporting of patients as Financial Assistance as distinguished from Bad Debts.

POLICY

Mount Desert Island Hospital and its' provider based Health Centers are deeply committed to caring for those who are poor; MDIHO has established respectful and effective procedures for addressing the needs of those persons who are unable to pay for all or most of their care. In order to preserve the dignity of these persons and to facilitate the process of securing necessary information, MDIHO strongly prefers to perform financial screening upon scheduling, admission or registration (discharge processing in the ED) as part of the overall Financial Counseling process, in order to education the patients about programs available to them.

Patients who represent increased financial risk as a result of the amount they are expected to owe “out-of-pocket” should be referred to the Financial Counselor identified as our Patient Financial Representative for assistance in applying for alternative payment programs (e.g., Medical Assistance, Disability, and Health Insurance Exchange etc.), determining Financial Assistance eligibility, and establishing payment plans or other financing arrangements.

All open self-pay balances may be considered for financial assistance at any time. If a determination is made that the patient has the ability to pay all or a portion of the bill, such a determination does not prevent a reassessment of the person's ability to pay at a later date. The MDIHO follows a Billing and Collection Policy which outlines the efforts that MDIHO uses as a directive for complying with State and Federal laws with regard to Financial Assistance and Collection Efforts. The Billing and Collection Policy is available upon request from our Patient Financial Service Department located at 10 Wayman Lane, Bar Harbor, ME 04609 or by calling 207-288-5081 x 1202.

This policy is also in compliance with the guidelines set forth by the Maine Department of Health and Human Services, 10-144 C.M.R. Ch. 150.

DEFINITION OF FINANCIAL ASSISTANCE

Financial Assistance is care provided to a patient with a demonstrated inability to pay.

A patient is eligible for Financial Assistance consideration based upon meeting certain income eligibility criteria as established by the Federal Poverty Income Guideline. These guidelines are updated annually by the United States Census Bureau.

A patient whose family income (household income) is greater than 150% of the most recent Poverty Guidelines and less than 250% of such guidelines qualifies for a partial discount from allowable charges. Amount Generally Billed (AGB) is calculated annually to validate the discounts from allowable charges. The calculation is based on Medicare's reimbursement to MDIH through the most recently filed and accepted Cost Reports.

Financial Assistance represents health care services that are provided, but are never expected to result in payment.

As a result, Financial Assistance does not qualify for recognition as receivable or net patient service revenue in the financial statements.

Financial Assistance may include unpaid coinsurance and deductibles if the patient meets the Financial Assistance eligibility criteria for undue burden.

Bad Debt is payment not received for service rendered for which payment was anticipated and credit extended. Bad Debt patients do not meet the criteria for Financial Assistance, that is, they are considered able to pay, but unwilling to satisfy their outstanding obligations.

Financial Assistance data reporting to the State of Maine for services provided (Community Benefit Inventory Social Accountability statements) must be based on cost of patient care services, not charges, with costs being determined by application of the standard cost-to-charge ratio.

Eligibility for financial assistance may be re-evaluated at the following times:

- Subsequent rendering of services,
- Income change,

- Family size change,
- When a closed account is to be reopened, or
- Six months following the last financial evaluation.

What is Not Covered?

Financial Assistance:

- Does not provide health insurance
- Does not act as a substitute or supplement for health insurance
- Does not guarantee benefits
- Does not cover non-MDIH medical care providers for whom we do not bill.
- Does not preclude minimum co-payments required by regulation or for clinical reasons (e.g. batterers intervention program; narcotics treatment program)
- The payor of last resort.

PROCEDURE

It is imperative that the determination, reporting, and tracking of Financial Assistance are in concert with MDIH's mission and values and reflective of the organization's community commitment. Financial Assistance programs at MDIH cover those departments and providers as listed in our Exhibit A, which will be updated as necessary to incorporate any changes.

MDIH provides **medically necessary care** to all regardless of ability to pay. Financial Assistance is based on the individual's ability to pay. The need for Financial Assistance is a sensitive and personal issue for recipients and needs to be addressed with reverence for those who are in need.

Confidentiality of information and individual dignity shall be maintained for all that seek financial assistance. The mental, emotional or physical conditions and limitations of the patient should be considered when applying criteria.

Eligibility Criteria

Excluded from coverage are any third parties who may be liable for payment for services. Financial Assistance is only available for **medically necessary care** and excludes such procedures as cosmetic surgery and/or elective procedures.

A. Financial Assistance Criteria:

1. Any individual **residing in the State of Maine** who indicates the financial inability to pay a bill for a medically necessary service shall be evaluated for Financial Assistance.
 - a. Resident of Maine. The term "Resident of Maine" refers to an individual living in the state voluntarily with the intention of making a home in Maine. An individual who is visiting or is in Maine temporarily is not a resident.

- b. Residency requirements include filing taxes in the state, seeking a driver's license and domicile.
 - c. Non-Maine residents, US Citizens, may qualify for financial assistance for emergency care. Emergency care resulting in transfer to tertiary facility or care resulting in hospitalization or surgery.
2. The patient's potential eligibility for governmental or other coverage will be assessed. This may include Medicaid and participation in Health Insurance Exchange coverage and subsidies.
3. A Financial Assistance Application/Disclosure Form is used to document each patient's overall financial situation. The form is available on the Mount Desert Island Hospital website (mdihospital.org) and at the Mount Desert Island Hospital's Financial Assistance offices located at 10 Wayman Lane, Bar Harbor, ME 04609. A qualified interpreter is available for those who need assistance with translation to another language.
4. Credit reports may be used to verify an individual's financial circumstances, including the use of any external publicly available data sources that provide information on a patient's or a patient's guarantor's ability to pay (**such as credit scoring**);
5. A patient's employment status and earning capacity is taken into consideration when evaluating a Financial Assistance request.
6. The data used in making a determination concerning eligibility for Financial Assistance should be verified to the extent practical in relation to the amount involved.
7. A determination on a pending Financial Assistance Application should be completed within 10 business days of receipt of the completed application, completed application is defined as all documents have been completed, submitted and signed appropriately. A "pending application" is defined as an application that has been fully completed by the patient, received by MDIH's Financial Assistance area and is in the process of being determined for eligibility.
8. Once a determination has been made a notification form is provided to each applicant advising him or her of the decision.

B. Full Financial Assistance: 100% Discount (less applicable copays)

A patient whose family income (as calculated on the Financial Assistance Application/Disclosure Form) is equal to or less than 150% of the most recent Department of Human Services defined poverty level (Federal Poverty Guidelines) qualifies for a full (100%) **Financial Assistance discount with no out-of-pocket responsibility.**

C. Partial Financial Assistance:

A patient whose family income (as calculated on the Financial Assistance Application/Disclosure Form) is more than 150%, but less than 250%, of the most recent Department of Human Services defined poverty level (Federal Poverty Guidelines) qualifies for Partial Financial Assistance, on average between 30%- 80% discount of charges dependent on income guidelines. For consideration of determination all assets, household incomes for everyone living in the home, and expenses associated with the household will be required as part of a complete application package.

The discount range is reviewed at a minimum annually to substantiate the discounts in association with Amounts Generally Billed (AGB).

Mount Desert Island Hospital, a federally designated Critical Access Hospital (CAH), has adopted the calculation for AGB based on the cost reimbursement model provided by MEDICARE and filed annually, known as the COST REPORT. The calculation is available upon request, below is an example of the annual calculation. The IRS 501-r regulation does not provide prescriptive methods for CAH's to calculate AGB, MDI Hospital has adopted this methodology and adjusts the sliding scale discounts accordingly. Example: (Incomes 250% of the Federal Poverty Limit (FPL) would receive a 30% discount, Incomes 200% of the FPL would receive a 55% discount, and Incomes 175% of the FPL would receive an 80% discount) See Exhibit B.

Mount Desert Island Hospital		
Calculation of Amounts Generally Billed		
Most Recently Filed Cost Report FY 2016		
Medicare Payment Rates		
		<u>O/P</u>
Medicare OP Rate		58%
Medicare Payment Rate		87%
Coinsurance Amount		20%
Average Adjustment per \$1000	1000	
Medicare Payment Rate	87%	
Medicare payment rate x Charge of \$1000		\$ 869
Medicare Payment Rate x Product of Charge of \$1000 x OP Interim Payment Rate	58%	\$ 500
Medicare OP Coinsurance Rate x \$1000	0.2	\$ 200
Total of Coinsurance and Payment Rates		\$ 700
Difference Between Charge of \$1000 and Medicare Expected Payments		\$ 300
Amount Generally Billed Discount		29.98%
		<u>I/P</u>
Medicare Per Diem Rate Inpatient Rate		\$2,950.31
Patient Days		1,583.00
Total Medicare Payments		\$ 4,670,340.73
Total Costs		\$ 4,398,997.21
Difference in Dollars between		\$ 271,343.52
Amount Generally Billed Discount to Medicare		6%

D. Self-Pay Discounts

All uninsured patients with income greater than 250% of poverty are eligible for a 10% prompt pay discount of charges from date of service until first statement cycle.

E. MaineCare Denied Patient Days and Non-covered Services

MaineCare (Medicaid) patients are eligible for Financial Assistance write-offs related to denied stays, denied days of care, deductibles, days awaiting placement and medically necessary non-covered services.

F. Special Circumstances

1. Deceased patients without an estate or third party coverage are eligible for Financial Assistance.

2. On rare occasions, a patient's individual circumstances may be such that while they do not meet the regular Financial Assistance criteria in this policy they do not have the ability to pay their hospital bill. In these situations, in accordance with the Approval Matrix below, part or all of their cost of care may be written off as Financial Assistance. There must be complete documentation of why the decision was made to do so and why the patient did not meet the regular criteria. Some examples of special circumstances and relevant considerations include:

- Single parents or individuals caring for elders
- Change in employment status (i.e., loss of job) accompanied by no other income source

G. Governmental Assistance

1. In determining whether each individual qualifies for Financial Assistance, other county or governmental assistance programs should also be considered. Many applicants are not aware that they may be eligible for assistance such as MaineCare (Medicaid), Child Protective Services, etc. Patients must cooperate with MDIH's Financial Assistance Counselors to apply for the MaineCare or other governmental assistance programs in order to be eligible for Financial Assistance.
2. MDIH will assist the individual in determining if they are eligible for any governmental assistance, including the Health Insurance Exchange.
3. Persons eligible for programs such as MaineCare, but whose eligibility status is not established for the period during which the medical services were rendered, should be granted Financial Assistance for those services. The granting of Financial Assistance is contingent upon applying for governmental assistance. This may be prudent, especially if the particular patient requires ongoing services. Patients are required to complete MDIH's application process and a MaineCare application as well as provide necessary supporting documentation.

H. Hospital Collection Efforts

Self-pay balances may be transferred to professional collection agencies when the accounts complete a patient statement dunning cycle (e.g., approximately 120 days) with no payment from the patient or proof of eligibility for Financial Assistance or other programs. Accounts with applications pending for Financial Assistance or other assistance programs are held until the outcome of the application. A "pending application" is defined as an application that has been fully completed by the patient, received by MDIH's Financial Assistance area, and is in the process of being determined for eligibility.

1. It is acceptable (but not preferable) to take an account through the full collection cycle and later reclassify it as Financial Assistance, as long as a consistent process is followed and a legitimate basis is established for the patient's inability to pay.
2. In some cases, a patient eligible for Financial Assistance may not have been identified prior to initiating external collection action. Accordingly, each collection agency engaged is aware of the policy on Financial Assistance. This allows the agency to report amounts that they have determined to be uncollectible due to the inability to pay in accordance with the Financial Assistance eligibility guidelines.
3. Collection agencies shall not, in dealing with uninsured patients at or below the MDIH's Financial Assistance guidelines, use or threaten to use wage garnishments or liens on primary residences as a means of collecting on unpaid hospital bills.
4. When a patient's financial picture indicates that he/she has the financial resources to pay, a payment plan may be established at the patient's request; therefore, a financial application is not necessary.
5. If the patient/responsible party does not cooperate with MDIH, i.e., return of necessary documentation within 30 days of receipt of denial for missing documents, and every attempt to obtain the best resolution of the account has been made; the account may be processed for placement with a MDIH's collection agency.

I. Collection Agency

In some cases, a patient eligible for Financial Assistance may not have been identified prior to initiating external collection action. Accordingly, each collection agency engaged is aware of the MDIH's policy on Financial Assistance. This allows the agency to report amounts that they have determined to be uncollectible due to the inability to pay in accordance with the Financial Assistance eligibility guidelines.

If a collection agency identifies special circumstances demonstrating a particular patient as being unable (versus unwilling) to pay their bill, their liability may be considered Financial Assistance, even if they were originally classified as a Bad Debt. The patient should be reclassified to Financial Assistance.

J. Eligibility Period:

For in-patient services deemed medically necessary these services are on a case by case basis and request for assistance must be met for each occurrence. For out-patient services the eligibility period is six months from the date of the initial eligibility determination for those services deemed medically necessary, unless over the course of that period the patient's family

income or insurance status changes to such an extent that the patient becomes ineligible. To determine any retroactive Financial Assistance coverage a patient must prove financial eligibility for all dates of service that are to be considered for charity.

K. Time Requirements for Determination:

While it is desirable to determine the amount of Financial Assistance for which a patient is eligible as close to the time of service as possible, there is no rigid limit on the time when the determination is made. In some cases, eligibility is readily apparent and a determination can be made before, on, or soon after the date of service. In other cases, it can take investigation to determine eligibility.

L. Definition of Income:

Income will include annual cash receipts and cash benefits from all sources before taxes, as outlined by the Maine Department of Health and Human Services Office of MaineCare Services, Free Care Guidelines. Proof of earnings may be determined by annualizing pay at current earning rates. Income does not include the following:

- capital gains;
- any liquid assets, including withdrawals from a bank or proceeds from the sale of property;
- tax refunds;
- gifts, loans, and lump-sum inheritances;
- one-time insurance payment or other one-time compensation for injury;
- non-cash benefits such as the employer-paid or union paid portion of health insurance or other employee fringe benefits;
- the value of food and fuel produced and consumed on farms and the imputed value of rent from owner occupied non-farm or farm housing; and
- Federal non-cash benefit programs, including Medicare, Medicaid, Food Stamps, school lunches, and housing assistance.

NOTE: Although one-time insurance payments are excluded from income, one-time insurance payments made for coverage of hospital services would limit the availability of Financial Assistance to bills not covered by such payments.

M. Denial of Financial Assistance:

All applicants denied for Financial Assistance will be provided a written and dated statement of the reasons for the denial. When the reason for denial is failure to provide required information, the applicant shall be informed that he or she may provide the necessary information, which is detailed in the letter, in order for a reconsideration to be completed. The applicant has 60 days from the date of the denial notice to provide the required information. After 60 days if the application remains incomplete, the self-pay balance is turned over to a professional collection

agency. For all denial reasons, the written notice to the applicant provides information to request a fair hearing concerning the denial.

N. Appeal Process:

All Financial Assistance appeals shall be addressed to the attention of the Director Revenue Cycle. The documentation to support the appeal and the original application are reviewed to determine if the decision to deny shall be overturned based on new information or if the decision will be upheld.

Approval Matrix

The below Approval Matrix will be used to determine approval of Financial Assistance applications:

- CEO or designee: Greater than \$25,000
- CFO: Up to or equal to \$25,000
- Revenue Cycle Director: Up to or equal to \$5,000
- Patient Financial Services Manager: Up to \$2,500
- Patient Financial Specialist: Up to \$1,000.

Documentation of approval will be made by signing the “Approved By” line on the Financial Assistance form. Record of such write-offs will be maintained for seven (7) years.

Accounting for Financial Assistance

Financial Assistance write-offs are accounted for in separate Deduction from Revenue general ledger accounts. Net patient service revenue in the financial statements is exclusive of Financial Assistance.

Collection, Storage and Recordkeeping of Information

Records relating to potential Financial Assistance patients must be readily obtainable and maintained for seven (7) years. In addition, notes relating to the Financial Assistance application and approval or denial are entered on the patient’s account.

Authorization. Prior to creating, collecting, disclosing, accessing, maintaining, storing, or using any Personally Identifiable Information (PII) from Consumers, Applicants, Qualified Individuals, Enrollees, Qualified Employees, and/or these individuals’ legal representative(s) or Authorized Representative(s), Staff Member will obtain the required authorization to create, collect, disclose, access, maintain, use, or store their PII to carry out the Authorized Functions for reviewing and granting Financial Assistance. By completing the Financial Assistance Application will permit the authorization and this may be revoked at any time. This authorization is separate and distinct from any authorization obtained for treatment or billing at MDIH. MDIH should ensure that a record of the authorization provided is maintained in a manner consistent with the privacy and security standards of protection of PII.

e. **Collection of PII.** PII collected from Consumers, Applicants, Qualified Individuals, Enrollees, Qualified Employees, and/or their legal representative(s) or Authorized Representative(s), may be used only for the Authorized Functions specifically for the determination in qualifying for Financial Assistance at MDIH. Such information may not be reused for any other purpose.

f. **Storing PII.** Other than documentation related to the authorization required for assessing Financial Assistance Staff Member is not expected or required to maintain or store any other PII as a result of carrying out the Authorized Functions. To the extent that Staff Member does maintain or store PII, such as documentation related to the authorization for Financial Assistance, he or she must agree to comply with all provisions that apply to the maintenance or storage of PII.

g. **Ability of Consumer to Limit Collection and Use.** Staff Member agrees to allow the Consumer, Applicant, Qualified Individual, Enrollee, Qualified Employee, Qualified Employer, directly or through their legal representative(s) or Authorized Representative(s), to limit Staff Member creation, collection, use, maintenance, storage, and disclosure of their PII to the sole purpose of obtaining assistance for Financial Assistance or for FFE purposes, and for performing Authorized Functions specified for those actions.

MDIH adopted privacy and security standards concerning personally identifiable information (“PII”) and applicable authentication and data security standards, which are set forth in Appendix A, “Privacy and Security Standards and Implementation Specifications for Non-Exchange Entities.” Compliance with this Agreement satisfies the requirement under 45 CFR 155.225(d)(3) to comply with applicable authentication and data security standards.

Public Notice and Posting

Public notice of the availability of assistance through this policy is made through each of the following means:

1. Posting notices in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration, such as emergency departments, billing offices, admitting offices, and hospital outpatient service settings.
MDIH works with community service organizations to post our Plain Language Summary.
 - a. Local Libraries
 - b. Local Municipalities (within service area)
 - c. Local YMCA/YWCA
 - d. Healthy Acadia- website
2. Posting notice of the availability of assistance and contact names and phone numbers on Mount Desert Island Hospital's web site.
3. Providing uninsured patients a matrix outlining the types of financial assistance available. Upon request, a full text copy of the Financial Assistance policy should be made available.
4. Making available to the public on a reasonable basis:
 - The annual level of Financial Assistance provided.
 - The unreimbursed costs of care provided to beneficiaries of government programs that serve the poor (being defined as shortfalls between costs and off-setting reimbursement/revenue that Mount Desert Island Hospital experiences in providing care under the Medicaid and local/county indigent programs for care provided to Medicare beneficiaries who are dually eligible for Medicaid). This calculation will be performed for Amounts Generally Billed (AGB) using the Hospital's most recently accepted and filed Cost Report to calculate and validate the discounts for sliding scale.
 - FREE CARE amounts are prescriptive by regulation through Chapter 150 of the State of Maine Guidelines and are given to any qualified individual at 150% or below of the Federal Poverty Limits.
5. Posted notices (as listed above) shall be in the primary language(s) of the service area and in a manner consistent with all applicable federal and state laws and regulations.
6. Should any provision of this Policy conflict with State of Maine requirements surrounding Financial Assistance, State law shall supersede the conflicting policy provision and the facility shall act in conformance with applicable State law.

Signed: s/Dean Read Date: January 2017
Finance Committee Chairperson

Signed: s/Art Blank Date: January 2017
President/CEO

Signed: s/Christina Maguire-Harding Date: January 2017
Vice President of Finance/CFO

Exhibit A:

Mount Desert Island and Health Centers							
Provision of Financial Assistance Programs							
Supplement to MDIH Financial Assistance Policies							
Exhibit A							
<u>Department</u>							
All Hospital Services							
<u>**MDIH Health Centers</u>				<u>** Services provided in these departments are covered.</u>			
MDIH Behavioral Health Center							
Community Health Center							
Cooper Gilmore Health Center							
Trenton Health Center							
Lisa Stewart Women's Health Center							
Cadillac Family Health Center							
Family Health Center							
MDIH Orthopedics							
MDIH General Surgery							
MDIH Urology							
<u>Excluded Departments:</u>							
Cosmetic or Elective Services							
<u>EXAMPLES OF NOT COVERED</u>							
*Consulting and Radiological Reading Services are sub contracted and not covered							
*Providers who are not employees of MDIH, such as Eden Surgical, MCMH or Ophthalmologist are not covered							
*Pathology services performed in addition to services, such as Dahl - Chase are not covered.							
*Community Dental Center (covered under separate Financial Assistance Policies)							

Exhibit B:

Mount Desert Island Hospital and Health Center					
Cost Share Income Guidelines					
(based on annual gross income)					
Calendar Year 2017					
Effective January 2017 (AGB Calculation Based on reviewed and accepted Medicare Cost Report for FY 2016)					
	Patient Pays	Patient Pays	Patient Pays	Patient Pays	Patient Pays
	0%	0%	20%	45%	70%
# in Family	Income less than	Income less than	Income less than	Income less than	Income less than
	FPL	150%	175%	200%	250%
1	\$ 12,060	\$ 18,090	\$ 21,105	\$ 24,120	\$ 30,150
2	\$ 16,240	\$ 24,360	\$ 28,420	\$ 32,480	\$ 40,600
3	\$ 20,420	\$ 30,630	\$ 35,735	\$ 40,840	\$ 51,050
4	\$ 24,600	\$ 36,900	\$ 43,050	\$ 49,200	\$ 61,500
5	\$ 28,780	\$ 43,170	\$ 50,365	\$ 57,560	\$ 71,950
6	\$ 32,960	\$ 49,440	\$ 57,680	\$ 65,920	\$ 82,400
7	\$ 37,140	\$ 55,710	\$ 64,995	\$ 74,280	\$ 92,850
8	\$ 41,320	\$ 61,980	\$ 72,310	\$ 82,640	\$ 103,300
<i>For family units with more than 8 members add \$4,160.00 for each additional member.</i>					