

<b>Section:</b>	Finance and Billing	<b>Policy Owner:</b>	Patient Financial Services Director
<b>Department:</b>	Patient Financial Services	<b>Original Date:</b>	07/2002

**RESPONSIBILITY:** Patient Financial Services Department

**PURPOSE:**

Rainy Lake Medical Center is a non-profit facility. We will not discriminate in providing emergency care services or essential care medically necessary services to those in need regardless of their ability to pay. Our purpose is to provide medical care at RLMC at no cost or at a reduced cost based on sliding fee discount scale which is dependent upon household income and size. Our intent is to meet the requirements of the applicable federal, state, and local laws, including, without limitation, section 501(r) of the Internal Revenue Code of 1986, as amended and the regulations there under. The guiding principles of this policy are to outline the qualifications for financial assistance and establish what actions may be taken in the event of nonpayment for medical care provided by RLMC, including but not limited to extraordinary collection efforts. RLMC will treat all patients and responsible individuals equally with dignity and respect and ensure that reasonable efforts are made to determine eligibility under the Financial Assistance Program. The patient or responsible individuals are ultimately responsible to fulfill their financial obligation to comply with the policy guidelines in order to be considered for Financial Assistance.

**POLICY:**

Rainy Lake Medical Center will follow a consistent and fair process to determine program eligibility. The Financial Assistance Program established by our Rainy Lake Medical Center’s Board of Trustees to provide essential medical care at the Medical Center at no cost or reduced cost if the recipient of the care is not able to pay fully for the services received. Financial Assistance covers services received from the Medical Center and performed by RLMC Staff, whether the service is provided as inpatient, emergency department, outpatient, or clinic basis. A sliding fee schedule is used to calculate the basic discount and is updated each year using the Federal Poverty Guidelines. Once approved the discount will be honored for 12 months, after which the patient/guarantor must reapply. If a patient has requested an application and failure to return the application to the facility, we will continue to try efforts to work with patient up to the point of their account being sent on for collections after following our collection guidelines. However, if an application is denied based on the patient/guarantor not providing all the requested documentation with-in the 14-day period of request letter being sent they will not be able to reapply for 6 months.

**DEFINITIONS:**

Medical Center

International Falls Memorial Hospital Association dba Rainy Lake Medical Center (RLMC). The Medical Center includes Critical Access Hospital and two Rural Health Clinics.

Financial Assistance Program (FAP)

Rainy Lake Medical Center Financial Assistance Program provides assistance to uninsured or underinsured patients regardless of their ability to qualify at no cost or reduced cost as outlined in the Financial Assistance Policy.

FAP-Eligible Individual

Responsible Individual eligible for financial assistance under the FAP without regard to whether the individual has applied for assistance.

Responsible Individual

Patient or any other Individual that has financial responsibility for the self – pay portion of their medical balances. There may be more than one responsible individual.

### Family

A group of two or more persons related by birth, marriage, or adoption that live together, all such related persons are considered as members of one family.

### Self-Pay Portion

Portion of patient's account that is the individual's responsibility. This balance would be net of the application of payments made by any available third party coverage and net of any reduction made with respect to that patient's account.

### Amounts Generally Billed Other Payers (AGB)

This is the amount determined by the Medical Center and is calculated based on the formula displayed in Attachment A. This amount is periodically updated. The Medical Center's Board of Trustees must approve each periodic update. Revised AGB's must be implemented within 45 days of Board approval.

### Essential Care Medically Necessary Services

Medical Center services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective or conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For the purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all. All treatment must be medically necessary and cosmetic treatments, fertility treatments, non-emergency dental treatments, experimental or non-traditional care, test or treatments would not be covered under the FAP. Rainy Lake Medical Center reserves the right to determine, case by case basis, whether the care and services meet the definition of standard of "medically necessary" for the purpose of eligibility under the FAP.

### Medical Staff

Physicians, nurses, and other professional individuals who have ordering/admitting privileges to the Medical Center, and may also participate as members of the medical staff committees.

### Third Party Coverage/Payer

An obligation on the part of the insurance company or governmental program which contracts with the Medical Center and patients to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received related to the negligent acts of others which have resulted in the medical condition or which the patient has received Medical Center's services.

### Emergency Care Services

Services provided for care related to an emergency, medical or mental condition. Refer to the EMTALA policies.

### Income

Total cash receipts before taxes derived from wages and salaries, welfare payments, social security payments, strike benefits, unemployment or disability benefits, child support, alimony, and net earnings from business and investment activities that are paid to an individual.

### Application Period

Period during which Medical Center must accept and process an application for financial assistance. The application period begins on the date of the Application returned by the patient going back 240 days from the date on which the patient signed and returned the application to the Medical Center, provides the first post discharge billing.

### Billing Deadline

This deadline would be the date after which the Medical Center has sent or given the patient/guarantor an application for Financial Assistance. RLMC may initiate and Extraordinary collection effort (ECA) against the responsible individual who has failed to submit an application for financial assistance under the Financial Assistance Policy. The Medical

Center will allow 30 calendar days from date the patient was given the application to return to the medical center for processing but no earlier than 120 days after the first post discharge statement. Also if there is a request for more documentation after which the medical center receives application back from patient they will have 14-calendar days to return the requested information.

#### Completion Deadline

The date after which the Medical Center may initiate or resume Extraordinary Collection Action (ECA) against the responsible individual who submitted an incomplete application if that individual has not provided the missing information necessary to complete the application or deny the application. The Completion Deadline must be specified in a written notice and must be no earlier than the later of (1) 30 days after the Medical Center provides the individual with the notice or (2) the last day of the Application Period.

#### Extraordinary Collection Efforts (ECA)

Any action against the responsible individual for the bill related to obtaining payment of the Self pay balance that requires legal or judicial process or reporting adverse information about the responsible individual to consumer credit reporting agencies/credit bureaus. ECAs do not include transferring of a self-pay balance to another party for purposes of collection without the use of any ECAs.

#### Bad Debt

Uncollectible amounts, excluding contractual adjustments, arising from failure to pay by responsible individuals whose care has not been classified as financial assistance.

#### Household Income

Total Cash receipts before taxes from all sources including gross wages, tips, social Security payments, disability, pensions, annuities, veteran's benefits, income from business or self employment and dependents, alimony, child support, unemployment, public aid (welfare payments), or investments paid to individuals, military family allotments, rent, interest, dividend, or other income.

#### Federal Poverty Guidelines

The poverty guidelines are a version of income thresholds used by the Census Bureau to estimate people in poverty. The thresholds are expressed as the annual income levels below which the person or family members are considered in poverty. The income threshold increases by a constant amount for each additional family member. The guidelines are updated annually.

#### Confidential Care

Pregnancy and associated conditions, venereal disease, alcohol and other drug abuse.

#### Sliding fee discount

Discount based on household income and family size using Federal Poverty Guidelines.

#### Nominal Rate

The amount, as stated on the discounted/sliding fee schedule, to be requested to be paid by those qualifying for the 100% discount.

### **PROCEDURE:**

#### Measures to Widely Publicize the Financial Assistance Program

The patients, responsible individuals, or families will be advised of the availability of financial assistance through:

- Direct patient contact either before, during, or after patient is treated for an emergency care or medically necessary service, in person or over the phone. A plain language summary in English (or in other languages that constitute the primary language of at least 10% of the population of the committees where Rainy Lake Medical Center is located) is available on our website.

- Notice of availability of financial assistance will be posted in registration, patient care areas, and waiting areas of the Medical Center
- Notice of availability of financial assistance will be printed on patient statements
- Notice of availability of financial assistance will be posted on Rainy Lake Medical Center's website at [www.rainylakemedical.com](http://www.rainylakemedical.com)
- Medical Center's staff will also provide information regarding Minnesota governmental assistance programs either in person or over the phone.
- Paper/hard copies are made available upon request and without charge by mail
- Providing information to local social services and community support services
- Participating in Community Outreach programs, such as Health Fairs, etc.

**Financial Assistance program does not cover services that are provided by medical personnel not considered part of the Medical Center's medical staff or ancillary staff; for example, radiologists or specialists not employed by the Medical Center that would bill separately for the services they render.**

Annual funding is authorized by the Board of Trustees. Eligibility requirements will be reviewed and adjusted as needed periodically. Applications are processed and approved through the Patient Financial Services department. At the time the Medical Center requests information about the availability of insurance, the Medical Center will provide the patient with information in writing explaining how to apply for financial assistance. If the applicant is unable to read or does not understand the explanation, the Medical Center will find someone to assist so that the explanation is understood. Patients or responsible individuals may ask the Medical Center for a financial assistance application at any time.

Subject to compliance with the provisions of this policy, the Medical Center may take any and all legal actions, including ECA, to obtain payment for medical services provided. Medical Center will not engage in ECA, either directly or by any debt collection agency or other party which the Medical Center has referred the individual debt, before reasonable efforts are made to determine whether a Responsible Individual is eligible for assistance under the FAP. At least three separate statements for collection of the Self pay portion shall be mailed to the last known address of the Responsible Individual; provided, however, that no other additional statements need to be sent after the Responsible Individual submits a complete application for financial assistance under the FAP or has paid in full. At least 60 days shall have elapsed between the first and last of the required three mailings. It is the Responsible Individual's obligation to provide a correct mailing address at the time of service or upon any changes to that information. If the account does not have a valid address the determination for "Reasonable Effort" would be considered made. All statements will include language to notify patient of the availability of financial assistance also known as "Community Care" including telephone number of the department where assistance is provided.

At least one of the statements will include written notice that informs the Responsible Individual about the ECAs that are intended to be taken if the Responsible Individual does not contact the Medical Center to apply for financial assistance or pay the amount due by the Billing Deadline. Such statement must be provided to the Responsible Individual at least 30 days before the deadline specified in the statement.

Prior to initiation of any ECAs, an oral attempt will be made to contact the Responsible Individual by telephone at the last known telephone number listed. During that conversation the Responsible Individual will be notified of the financial assistance program. It is the Responsible Individual's obligation to provide a correct telephone number at the time of service or upon any changes to that information.

#### Eligibility

Upon Rainy Lake Medical Center's determination that the patient's care and services meet either the definition of "emergency care services" or "essential care medically necessary", eligibility for Financial Assistance is based on the applicant's income and possibly resources. Additionally, the applicant may be required to apply for and use any private health care coverage or governmental health care coverage (such as Medicare or Medicaid) available to them.

Financial Assistance may assist with unpaid bills for applicants that have health care coverage, including those bills resulting from deductibles, copayments, and coinsurances.

All charges that are considered for eligibility will be reflected based on the calculation amount of the Amount Generally Billed by other payers (AGB) for those applicants that have no health care coverage for services received. The AGB would not be used in the calculation for those applicants that have health care coverage and are applying for assistance due to deductibles, copayment, and coinsurance balances.

Eligibility for Financial Assistance is divided into three (3) categories based on income and resource:

- Any person who qualifies under the guidelines and whose income is at or below the 200% of the Federal Poverty Level (updated annually), adjusted for family size (see current approved chart) is entitled care at no cost.
- Any person whose income is more than 200% but not more than 300% of the Federal Poverty Level (updated annually), adjusted for family size (see attached chart), is entitled to reduced cost care based on the sliding scale established by the Medical Center and approved by the Board of Trustees.
- Any person whose income exceeds 300% of the Federal Poverty Level (updated annually), adjusted for family size may be eligible for reduced cost if their income and resources are not sufficient to enable them to fully pay for the services. It is the determination of the Medical Center to reduce charges.
- Eligibility for full or partial financial assistance is contingent upon completion of the Financial Assistance application and submission of sufficient documentation requested by Medical Center to demonstrate financial need. Exceptional circumstances may influence a patient's (or responsible individual's) eligibility for Financial assistance. These circumstances include, but are not limited to:
  - Employment status
  - Total amount of debt (medical and non-medical)
  - Terminal illness
  - Total monthly expenses
- RLMC patients receiving emergency and medically necessary care for services at Rainy Lake Medical Center are also eligible to a discount under the Minnesota Attorney General's uninsured treatment program. The discounts cannot pyramid.

Once a request for Financial Assistance has been received, collection efforts directed at the patient or responsible individual shall be precluded pending determination of eligibility status, provided they are cooperative with the Medical Center's efforts to determine eligibility status.

The Medical Center will make reasonable effort to determine the existence or nonexistence of third party eligibility for coverage and may pursue reimbursement from any third party coverage that may be identified to the Medical Center.

The Medical Center requires potential FAP eligible applicants to use the application process attesting to the accuracy of the information provided to the Medical Center for purposes of determining the applicant's qualification for Financial Assistance.

The Medical Center will notify applicants of their final determination of eligibility status within thirty (30) calendar days of receiving completed information. The notification will include determination of the amount for which the responsible individual will be financially accountable. A phone call will be attempted for notification to responsible individual and a letter of decision will be mailed.

In the event the Medical Center denies the responsible individual's application for Financial Assistance program eligibility, the Medical Center will notify the responsible individual of the denial and the basis for the denial. The responsible individual will have fourteen (14) calendar days to appeal the denied determination. After the fourteen (14) day period, if no appeal has been filed, the Medical Center may initiate collection procedures. The business office will attempt at this time to set up a payment plan according to the Financial Policy.

The Medical Center will send a letter to the patient/guarantor if the application is not completed or needed documentation is not returned within 14 days. The Medical Center reserves the right to deny the patient application and the patient may need to wait for a 6 month period before they can reapply due to failure to complete the application process.

The Medical Center shall make reasonable effort to reach a determination in a timely manner. The timing of final determination of Financial Assistance status shall have no bearing on the identification of Financial Assistance deductions from revenue distinct from bad debts.

In the event that a responsible individual pays a portion or all of the charges related to services and it is subsequently found to have met Financial Assistance criteria and the responsible individual applied for financial assistance within the required time lines, any payment in excess of the amount determined to be appropriate shall be refunded to the responsible individual.

Requests for Financial Assistance must be made within 240 days from the date of the first billing statement. In the event that the Responsible individual applies for Financial Assistance after the unpaid account has been referred to and external collection agency and the request is within the 240 days timeframe, Medical Center will refrain from any extraordinary collection efforts while the application is completed and returned. Responsible individual must cooperate with Financial Assistance policies requirements. If denial is sent due to failure to cooperate, the account will subject to the terms of the Collection Procedure.

After approval of Financial Assistance, the discount will remain effective for the duration of twelve months from the application date to be applied to future emergency care or essential care for medically necessary services. After that timeframe the responsible individual will need to initiate the request to re-apply.

Business office staff will complete the appropriate adjustment forms using a separate adjustment coded to track program usage and forward to the designated personnel for approval process. Pending, approved, and denied applications are files in Business office and scanned into the network.

Rainy Lake Medical Center reserves the right to review income levels every three months of any current Financial Assistance recipients.

#### Data Requests and Responsible Individual's Obligations

Responsible Individuals seeking Financial Assistance have the following obligations:

- Complete, sign, and submit Financial Assistance application
- Submit sufficient documentation to establish financial need:
  - W-2 withholding statement from most recently issued calendar year
  - Three months of current or most recent pay stubs
  - An income tax return from the most recent filed calendar year
  - Forms approving or denying eligibility for Medicaid and/or state-funded medical assistance program.
  - Forms approving or denying unemployment compensation
  - Copies of current or most recent checking, savings, or money market bank statement for the last three months
  - Identification and Address proof: Drivers Licenses, Social Security care.
- Respond to follow up questions or further requests for information so that Medical Center can accurately and promptly assess eligibility for Financial assistance.
- Resolve and finalize any pending matters with applicable insurers or third party payers so that Medical Center can proceed with processing of application
- Cooperate in applying for other financial assistance available through state or local agencies if qualified under the eligibility criteria for such programs
- For Individuals that are covered under the Minnesota Senior Federation, the requirement of income verification and the need to obtain a Medical Assistance denial may be waived

**REFERENCES:**

IRC Section 501(r); National Health Services Corporation, Office of Rural Health, CMS, Minnesota Attorney General website

**CONTRIBUTING/REVIEWING DEPARTMENTS/INDIVIDUALS:**

Director of Patient Financial Services

Chief Financial Officer

Compliance Officer

*Board of Trustees Reviewed & Approved: 9/26/2023*

**Rainy Lake Medical Center  
Financial Assistance Policy**

Calculation for the Amounts Generally Billed by other Payers  
Ratio is based on a 12 month look back period.

AGB=  $\frac{\text{All Claims Allowed by Health Insurers Paid}}{\text{Gross Charges for those Claims}}$

Health Insurer includes: Medicaid, Medicare, and all private insurers

Discount calculated will be used to reduce the Posted charges to a Self-Pay account in which the Responsible party has been determined eligible for Financial Assistance.

This amount will be periodically reviewed and updated with Board approval.



# Document Information

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Financial Assistance Program

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