TITLE: Financial Assistance
EFFECTIVE: 02/96
REVISION DATE: 10/98, 5/04, 10/04, 07/07, 2/11, 8/13, 6/16, 7/17, 12/17
REVIEWED WITH NO CHANGES: 3/99 RETIRED:

PURPOSE: To assure that financial assistance is available to all eligible Responsible Parties who cannot satisfy their Financial Responsibility for medical services billed by The Children's Mercy Hospital ("Hospital").

LOCATION/SCOPE: The Children’s Mercy Hospital, Children’s Mercy Hospital Kansas, and all other locations.

DEPARTMENT RESPONSIBLE FOR POLICY MANAGEMENT & EXECUTION:
Patient Access department

POLICY STATEMENT:
Financial counseling and assistance are provided to Responsible Parties who are unable to satisfy their Financial Responsibility in full for Qualified Services where such Responsible Parties can document financial need pursuant to this Policy.

I. Eligibility Criteria for Financial Assistance

A. Residency: To be eligible for financial assistance, the patient or Responsible Party must reside in Missouri or Kansas and have established residency in Missouri or Kansas for the duration of one year preceding the assistance request. International patients will be directed to the International Services Department in accordance with the International Patient Program and the Elective Treatment for Non-Citizen Minor Patients policy.

1. Financial counselors may grant financial assistance to patients residing outside of Missouri and Kansas for specifically identified date(s) of service only when such patients have an unplanned, acute onset of illness and the patient and his or her Responsible Party meet all other financial assistance requirements under this Policy.

B. Financially Indigent: Responsible Parties are considered Financially Indigent and eligible for 100% financial assistance if the Responsible Party has a Household Income at or below 300% of the Poverty Guidelines as adjusted for family size.

C. Age: All patients, regardless of age, are eligible to apply for financial assistance so long as the patient currently is receiving care as an inpatient of the Hospital or is following a current Hospital outpatient treatment plan.

D. Available Programs: Responsible Parties must exhaust all other funding source options for which they may be eligible, including Medicaid and any other third-party coverage (“Available Programs”) before they can qualify for financial assistance. Hospital reserves the right to obtain confirmation that a patient is ineligible for Available Programs,
including, without limitation, written denials (or oral denials followed by written documentation) from applicable Available Programs.

E. **Out of Network Coverage:** Patients who have insurance coverage are encouraged to obtain their services in-network or to secure an out-of-network exception once identified (if the exception is offered by insurance plan for needed services). Patients who receive services at the Hospital and have an insurance plan that does not include the Hospital in the coverage network are not eligible for financial assistance for those services.

F. **Monetary Assets:** Monetary Assets will be considered in the application process. A Responsible Party who otherwise meets financial assistance requirements but has Monetary Assets equal to or greater than $100,000 is not eligible for financial assistance.

G. **Medically Indigent:** Responsible Parties with Household Income exceeding 300% of the Poverty Guidelines (as adjusted for family size) and who have incurred account balances not eligible for funding from Available Programs that exceed 25% of Household Income may request Medically Indigent status under this policy. The amount of the Responsible Parties' Financial Responsibility that exceeds 25% of Household Income may be awarded 100% financial assistance. The Financial Responsibility less than or equal to 25% of Household Income remains the responsibility of the Responsible Party not to exceed amounts generally billed (AGB) in accordance with Attachment C.

H. **Retail Pharmacy:** Financial assistance for retail pharmacy medication is available to Responsible Parties if they meet the financial assistance criteria set forth in this Policy. Retail pharmacy financial assistance is only offered through the Hospital outpatient pharmacies.

   i. Responsible Party must complete applications for eligible payor programs to exhaust all coverage options prior to obtaining financial assistance for retail pharmacy.

   ii. Ongoing medication refills for non-residents of Missouri and Kansas will not be covered by financial assistance. iii. Each retail pharmacy financial assistance request must be reviewed by a Hospital Financial Counselor.

I. **Presumptive Charity Eligibility:** In cases where a Financial Counselor makes a reasonable determination that a Responsible Party should be presumed to qualify for financial assistance even though the standard application process cannot be completed due to catastrophic or other extenuating circumstances, the Financial Counselor may make an administrative decision that the Responsible Party will qualify for financial assistance even if all required information is not provided on the application. Any award will be valid only for the one-time treatment provided on the date(s) of service specifically identified or the Responsible Party’s current balance. Financial Counselors will be responsible for collecting as much information as possible to support all presumptive eligibility determinations, including the Application and supplemental documentation as referenced below in Section III and IIIA-IIIIB., to the extent such information is available. Financial assistance will not be awarded for ongoing care without submission of proper documentation by the Responsible Party. The Hospital may use predictive modeling to identify patients/Responsible Parties who may be eligible for financial assistance. A
patient/Responsible Party may be deemed eligible for financial assistance based on individual life circumstances that may include:

i. Currently eligible for means-tested government assistance program which bases eligibility on family income. Such programs may include but are not limited to Women, Infants and Children (WIC) programs, food stamp eligibility and subsidized school lunch programs.

ii. Receiving free care from a community clinic which bases eligibility for services upon family income.

iii. Stating they are homeless, and the patient’s address is a known homeless shelter and there is no evidence to the contrary.

iv. Low income/subsidized housing is provided as a valid address

v. A declaration of bankruptcy in the last year; or

vi. Predictive modeling results indicate an inability to pay

J. **Authority:** Financial Counselors have authority to award financial assistance to individuals meeting criteria listed in I.A – I.I.

II. **Financial Assistance Committee**

The Hospital will establish and maintain a Financial Assistance Committee ("Committee"). This Committee will be a multi-disciplinary group comprised of representatives from the Hospital and Medical Staff. Committee responsibility includes but is not limited to reviewing appeals that result from a denied financial assistance application that does not meeting criteria I.A. – I.I. Additional membership details and responsibilities are outlined in Attachment B.

III. **Application and Determination Process**

Hospital uses an application process for determining eligibility for financial assistance. To be considered for financial assistance, an application must be completed by the Responsible Party and submitted to a Hospital Financial Counselor with required documentation as described in III.A. and III.B.

To contact a Financial Counselor to apply or any other questions:

- Email admfc@cmh.edu
- Phone: (816) 234-3567 | Fax: (816) 302-9907
- Visit with a Financial Counselor at one of the following locations:

  Children's Mercy Adele Hall Campus
  2401 Gillham Rd, Kansas City, MO 64108, ground floor Patient Access front desk Monday – Friday 7 a.m. - 7 p.m.
  Saturday – Sunday 7 a.m. - 5 p.m.

  Children's Mercy Hospital Kansas, 1st floor Patient Access front desk 5808 W 110th, Overland Park, KS Monday – Friday 8 a.m. - 4:30 p.m.
For additional information about the Children’s Mercy Financial Assistance program, including the Hospital Financial Assistance policy and Financial Assistance application form applicants may:

- obtain a free copy by mail upon request
- request forms or policy at any Children’s Mercy facility from a Patient Access employee OR
- obtain the policy and form from the website at http://www.childrensmercy.org/financialcounseling/

Financial assistance will not be awarded unless the application process is completed except for unusual circumstances described in this Policy (such as meeting presumptive eligibility criteria in I.I). Responsible Parties must notify a Financial Counselor of any change in their financial status within thirty (30) days of such change. All information relating to the application will be kept confidential. All documentation and determination decisions will be retained in Patient Access according to the Records Retention and Management policy.

B. **Income Verification:** Documentation to verify Household Income information indicated on the application form must be provided as part of the application. Such documentation may include:

- payroll check stubs (most recent three months)
- IRS federal tax return (most recent year)
- W-2 withholding statement
- educational assistance letters
- public assistance statements
- forms approving or denying eligibility for unemployment compensation or worker’s compensation
- written statements from employers or welfare agencies confirming compensation or monetary awards for public assistance
- verification of current Medicaid coverage
- evidence of other income such as SSA (Social Service Administration) for SSI, alimony, or child support
- documentation for any other forms of income not on current income tax returns
- record of monetary assets in bank statements; assets such as retirement plans, buildings, vehicles, and land will not be considered as monetary assets in the application process; and
- for families without any income, a signed and dated statement of who provides food and shelter

1. The Responsible Party must submit all required supporting documentation for income verification within 30 days of submitting financial assistance application. After 30 days without complete supporting documentation, the application will be closed without a determination of eligibility.
C. **Residency Verification:** Documentation to verify residency indicated on the application form must be provided as part of the application. Residency verification documents may include the following:

- State issued driver's license
- Recent utility bill
- Most recent year's completed tax return
- Recent payroll check stubs

Picture identification for the Responsible Party is required for the financial assistance application. For non-US citizens, identification documents in the form of birth certificate, visa, or permanent residency cards will be accepted.

D. **Determination:** A Financial Counselor will process the financial assistance application within twenty-one (21) days of receipt of all required information. For an application being reviewed by Committee, notification of a determination will be provided in writing within twenty-one (21) days of the Committee's decision. If full eligibility criteria are met, determinations can be made up to and including 100% discounted care for eligible Hospital services during a designated timeframe as described in III.C.4.

1. **Acceptances:** A letter communicating the approval of financial assistance and the applicable eligibility period will be sent to the Responsible Party.

2. **Denials:** In the event Hospital determines that a Responsible Party is not eligible for financial assistance, a written denial will be provided to the Responsible Party within the same twenty-one (21) day timeframe and will include the reason(s) for denial, the date of the decision, and the instructions for appeal or reconsideration.

3. **Appeals:** The Responsible Party may appeal the determination of eligibility for financial assistance by providing additional information on Household Income, family size, or Medical Indigence to the Hospital within thirty (30) days of receipt of notification. All appeals of decisions made by a Financial Counselor will be reviewed by the Committee. Any appeal from a Committee decision will be submitted to the Executive Vice Presidents for consideration. If the appeal results in affirming the previous denial of financial assistance, written notification will be sent to the Responsible Party. If the original determination is overturned, an award letter will be issued.

4. **Expiration:** Except as outlined in Section I.I., financial assistance expires at the earlier of any of the following:

   a) One (1) year from the date of application.
   b) If the financial assistance was awarded only for an approved onetime medical service, upon completion of such one-time service.
c) Upon notification of a change in the Responsible Party’s financial circumstances or ability to pay rendering the Responsible Party ineligible for assistance under this Policy; or

d) Upon notification of a change in the Responsible Party’s eligibility to participate in Available Programs that would otherwise affect the Responsible Party’s eligibility to receive financial assistance.

For new applications for financial assistance, any award will be extended to all accounts existing at the time of application and to all accounts created during the year following the date of application. A new application will be required when financial assistance expires.

If a patient had already been approved for a specific financial assistance discount rate in a previous year on prior account balances, and their outstanding due balance carries forward into a new financial assistance approval year, the discount rate that was previously approved for the prior year’s balance shall remain in effect for such balance. The discount rate approved for the following year shall apply only to eligible services provided during such following year.

5. **Responsible Party Misrepresentations:** Should Hospital become aware of any misrepresentation of facts such that the Responsible Party would not have qualified for financial assistance according to this Policy, the corresponding financial assistance award will be repealed. The Responsible Party will be held accountable for all resulting outstanding balances, subject to the Discount and Credit policy.

6. **Collection Efforts:** Financial assistance can be granted at any stage of the revenue cycle. Hospital will not engage in extraordinary collection actions, such as court proceedings and other actions beyond normal statement generation and account follow-up, before making reasonable efforts to determine whether the Responsible Party is eligible for financial assistance. Accounts which have previously been identified as bad debt and/or assigned to a collection agency may be subject to retroactive review. A review may be made to consider subsequent facts and may use predictive modeling to determine whether such accounts would have met financial assistance guidelines and, if so, to reclassify such accounts from bad debt to financial assistance. Upon final determination of eligibility, if the patient owes any amount due, efforts will be made pursuant to the hospital’s collection policy to collect the debt. Such actions may include entering payment plans, and/or referring the debt to an internal or external collection agency. The Hospital reserves the right to make inquiries of outside sources, such as credit agencies, to obtain information regarding household size, income, and credit scores for the Responsible Party to assess payment propensity. If such inquiries indicate that presumptive charity eligibility criteria are met as indicated in I.1, the outstanding account balance that triggered the inquiry will be categorized as charity care.

The Responsible Party will continue to receive statements during the consideration of a completed Application. Any accounts for such Responsible Party will not be reported to a collection agency (internal or external) until a determination has been made. A visit may be transferred to the Hospital’s internal collections department if a guarantor has received
3 or more statements and the balance has not been paid in full or set up on a monthly payment plan. If an account has already been placed in bad debt status, collection efforts will be suspended until a determination has been made. In the event that a Responsible Party pays all or a portion of his/her Financial Responsibility for Qualified Services and is subsequently deemed to qualify for financial assistance for such services, payments will be refunded based on the guidelines set forth in the Identification and Resolution of Credit Balances policy.

7. **Payment Arrangements:** After a financial assistance adjustment has been made, any remaining balance will be treated in accordance with standard Hospital collection practices. Payment arrangements are available and encouraged for those who cannot satisfy their remaining balances in full. Payment arrangements are made through Patient Financial Services and must be consistent with Hospital's Discount and Credit policy.

E. **Nondiscrimination:** In accordance with applicable law, financial assistance determinations are made without regard to the race, sex, creed, ethnicity, religion, gender identity, sexual orientation, or other protected status of applicants.

In accordance with the Emergency Medical Treatment and Active Labor Act (EMTALA), the Hospital will, without discrimination and within its capabilities at each facility subject to EMTALA, screen and stabilize emergency medical conditions regardless of the presenting individual's financial assistance eligibility.

F. **Charges Limited for Eligible Patients:** Following a determination that a patient qualifies as eligible for financial assistance under this Policy, the following limitation on charges to such eligible patients will apply:
   i. **Amounts Generally Billed.**
      1. In the case of emergency or other medically necessary care, an eligible patient will not be charged more than the Amounts Generally Billed (“AGB”) to insured patients. For purposes of this limit on charges, a patient is “charged” only the amount he/she is personally responsible for paying, after all deductions, discounts and insurance reimbursements have been applied. For example, in the case of a patient eligible for financial assistance under this Policy who has health insurance coverage, the Hospital meets the foregoing requirements if such individual is not personally responsible for paying (for example, in the form of co-payments, co-insurance and deductibles) more than the AGB after all reimbursements by the health insurer have been applied, even if the total amount paid by such individual and his/her health insurer together exceeds AGB.
      2. The Hospital calculates the AGB using the “look-back method” to determine discounts for patients receiving financial assistance. 3. Attachment C provides additional detail around AGB methodology.
   ii. **Gross Charges.** In the case of all other medical care covered under this Policy (i.e. care that does not qualify as emergency or other medically necessary care, and care that is not covered in Attachment A of this Policy), an eligible patient will be charged less than the gross charges for such care. “Gross charges” means the
Hospital’s full, established price for the care that it uniformly charges all patients before applying any contractual allowances, discounts, or deductions.

G. Notice: Hospital will publicize information regarding the financial assistance program, including contact information for Financial Counselors to assist in the application process. The financial assistance application, financial assistance policy, and financial assistance plain language summary will be available in English, Spanish, Arabic, Somali, Vietnamese, and Burmese. Interpreter services will be available for other language needs. At a minimum, information will be made available as follows:

- Inpatient, outpatient and emergency department registration areas
- Pre-registration and Patient Financial Services websites
- Messages on applicable guarantor statements
- Patient Financial Services guarantor brochures and Financial Assistance brochures
- Concierge books maintained in inpatient rooms
- Financial counseling conversations with patients/guarantors conducted by financial counselors or specifically trained Patient Financial Services staff

H. Eligible Providers: Addendum A sets forth the listing of the provider groups of the Hospital that deliver emergency or medically necessary care at Hospital facilities that are covered by financial assistance as well as a listing of providers that may represent services of the Hospital, but their services are NOT eligible for financial assistance coverage. This list can be obtained at any time free of charge, online and in paper, upon request.

DEFINITIONS:

Financial Responsibility: Amounts for which patients or guarantors are responsible for healthcare services billed by Hospital, including such amounts from physician charges for employed physicians or contracted physicians that have reassigned payment to Hospital.

Financial Counselors: Hospital employees who carry out the functions of Financial Counselors set forth in this Policy.

Financially Indigent: Persons whom Hospital has determined are unable to pay their medical bills because their Household Income is below thresholds, as specified in this policy, based on Poverty Guidelines.

Household Income: The sum of the total annual gross income of the Responsible Party(ies) who reside in the same household. Based on definitions used by the United States Bureau of the Census, this includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance payments, veterans' payments, survivor benefits, earnings from a pension or retirement plan, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and all other sources. Income is measured on a pre-tax basis and does not include unrealized capital gains and losses or non-cash benefits, such as food stamps and housing subsidies.
Medically Indigent: Persons whom Hospital has determined are unable to pay some or all their medical bills because such bills exceed a certain percentage of their Household Income even though their income may otherwise exceed the eligibility requirements for such persons to be considered Financially Indigent.

Monetary Assets: The net value (taking into account any redemption fees or other applicable penalties) of cash, and all assets that may be readily converted into cash, including but not limited to checking and savings accounts, certificates of deposit, investment securities, annuities, future rights to payments, and insurance policies.

Poverty Guidelines: The poverty guidelines updated annually in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 902(2).

Qualified Services and Medical Necessity: Qualified Services include: (a) all medically necessary professional, facility, and related services received at any Hospital location and (b) all medically necessary professional services that are provided and billed by Hospital at nonhospital locations. Medically necessary services include those that diagnose, correct, or prevent conditions that may endanger life, and/or lead to pain or advanced illness/condition.

Medical necessity is deemed as such by a Hospital provider. In cases of dispute, medical necessity will be determined by the provider's Department Chair or the Hospital’s Executive Medical Director, as deemed appropriate under the circumstances. The Hospital does not provide financial assistance for certain services including, but not limited to, those outlined in Attachment A.

Responsible Party: A patient or the patient's parents (birth or adoptive), stepparents, legal guardian or other individual who is legally responsible for payments to Hospital for healthcare services provided to the patient.

REQUESTS FOR DEVIATION FROM POLICY: Requests for deviation from this policy will be directed to the Administrative Council Sponsor for this policy.

RELATED POLICIES:
- Elective Treatment for Non-Citizen Minor Patients Policy
- Financial Requirements for Transplantation Policy
- Discount and Credit Policy
- Records Retention and Management Policy
- Identification and Resolution of Credit Balances

RELATED FORMS:
- 8241-072 MR 05/16 Financial Assistance Application
- 8071-353 MR Financial Assistance Plain Language Summary (PLS)
- Financial Requirements for Transplantation – Attachment A

REFERENCES:
Poverty guidelines updated periodically in the Federal Register by the US Department of Health and Human Services under the authority of 42 U.S.C. 9902(2)

REGULATIONS:
The Patient Protection and Affordable Care Act, Section 9007: Additional Requirements for Charitable Hospitals (Public Law 111-148)
- 26 C.F.R. 501(r)

KEYWORD SEARCH:
Charity care, financial assistance, charity, financial, billing, admissions, financial counselor, financial counseling, tax-exempt, assistance, payment assistance, bill, presumptive eligibility, presumptive financial assistance, patient access

POLICY CONTENT OWNER:
Sal Madge, MBA, Patient Access Assistant Director

ADMINISTRATIVE COUNCIL SPONSOR:
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REVIEWED BY:
Vice President, Finance
Vice President, Revenue Cycle
Vice President, Audit and Compliance
EVP/CFO

REVIEW PERIOD:
3 years

COMMITTEE REVIEW & APPROVAL:
Financial Assistance Committee

FINAL APPROVAL:

___________________________________________
Paul Kempinski MS, FACHE
President & Chief Executive Officer

BOARD APPROVAL:

___________________________________________
Debbie Sosland-Edelman
Chair of the Children’s Mercy Board of Directors
Attachment A

Services Not Eligible for Financial Assistance*

- Charges billed by a medical staff member directly to a Responsible Party (i.e., charges are not billed directly by the Hospital)

- Any cash and carry services including but not limited to the following:
  - Optical warranties
  - Cosmetic contact lenses
  - Frames for corrective lenses beyond any benefit plan design

- Elective procedures including but not limited to the following:
  - Cosmetic surgery
  - Genetic testing requested by a parent(s) but not necessary to confirm the child’s diagnosis or necessary for the child’s treatment plan

- Non-medical services such as social, educational, or vocational services

* Case exceptions will be reviewed as appeals by Committee discretion
Financial Assistance Committee Membership and Responsibilities

The Financial Assistance Committee ("Committee") will review special or mitigating circumstances surrounding requests for financial assistance outside of Policy parameters, including but not limited to Medically Indigent families who are over income guidelines for financial assistance and out-of-area applications for assistance. The Committee will also address any appeals received related to denials made in accordance with the Policy.

Awards made by the Committee will be on a sliding scale up to and including 100% financial assistance consistent with Section III. E. of The Children’s Mercy Hospital Financial Assistance Policy. The Checklist will be used to quantify a Responsible Party’s eligibility for financial assistance.

Awards can be provided on a one-time basis, eliminating bad debt, or approved for future visits up to a one-year time. The Committee will be chaired by the Vice President of Revenue Cycle, or their designee, and shall minimally include representation from the following areas:

- Patient Access Financial Counseling leadership
- Revenue Cycle (voting member)
- Compliance (voting member)
- Patient Care Services (voting members)
- Medical Staff (voting members)
- Patient Advocate (voting member)
- Social Work (voting member)
- Family Centered Care (voting member)
- Equity and Diversity (voting member)

Financial Counselors from the Patient Access department will provide information to the Committee in advance of scheduled meetings but will not participate in the Committee's deliberations.

Meetings will occur on a regular basis to be no less frequently than monthly. A quorum is required to conduct business and minutes of meetings will be maintained. Committee members are expected to disclose any potential conflict of interest with an Application and to excuse him/herself from discussion and deliberation.

The Committee chair (or delegate in his/her absence from a meeting) and one other Committee representative must sign each Application or Checklist to document Committee approval.
Attachment C:

**Amounts Generally Billed (AGB) Methodology**

Patients receiving financial assistance for emergency or medically necessary services will not be charged more than Amounts Generally Billed (AGB) to insured patients. Amounts attributed to a Responsible Party receiving financial assistance for all other medical care will not exceed gross charges for such care.

At Children's Mercy, the AGB is determined through the "lookback method" which is calculated as follows:

- The AGB is calculated by reviewing all past claims' allowed amount to the hospital facility for emergency and other medically necessary care by Medicare fee-for-service together 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.

- The AGB is determined by multiplying gross charges for that care by one or more percentages of gross charges.
  
  - The percentages are calculated at least annually by dividing the sum of certain claims described below, by the sum of the associated gross charges for those claims.

  - The AGB percentage numerator is equal to the sum of all claims for emergency and other medically necessary care that have been allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility [or other entity] during the prior 12-month period. Whether a claim is used in calculating the Children's Mercy AGB percentage(s) depends on whether the claim was allowed by a health insurer during the 12-month period used in the calculation, not on whether the care resulting in the claim was provided during that 12-month period.

  - The AGB percentage denominator is equal to the sum of the associated gross charges for those claims.

- The percentages are applied by the 120th day after the end of the 12-month period that Children's Mercy used in calculating the AGB percentage(s).

The Children's Mercy AGB was calculated, as described above, based on all of Children's Mercy's claims allowed by insurers from March 1, 2019 through February 29, 2020. The resulting AGB percentage was 58.80%. The resulting minimum allowable FAP discount per IRS 501(r) regulations for the period June 28, 2020 to June 27, 2021 is 41.20% (1 minus AGB of 58.80%).

Children's Mercy Hospital has elected to retain a higher (more favorable to patients) minimum FAP discount of 52.00% which is consistent with the minimum discount offered in the prior year.

Based on the lookback method described above, the AGB percentage for the period June 28, 2020 to June 27, 2021 is:

- **The Children's Mercy Hospital AGB** 58.80%
- Minimum FAP Discount Required (1 minus AGB) 41.20%
- FAP Minimum Discount Adopted by Children's Mercy 52.00%
Questions regarding the AGB percentage and calculation should be addressed to Patient Financial Services, Customer Service Department. The PFS Customer Service Department is available Monday-Friday from 7:30am-5:00pm CST at (816) 701-5100.