PURPOSE:

[CHE Trinity Health] is a community of persons serving together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities. Aligned with our Core Values, in particular that 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 health care expenses incurred. [CHE Trinity Health] is committed to:

- Providing access to quality health care services with compassion, dignity and respect for those we serve, particularly the poor and the underserved in our communities;
- Caring for all persons, regardless of their ability to pay for services; and
- Assisting patients who cannot pay for part or all of the care that they receive.

This Policy balances financial assistance with broader fiscal responsibilities and provides the Iowa/Nebraska Regional Health Ministry (RHM) with the [CHE Trinity Health] requirements for financial assistance for physician, acute care and post-acute care health care services. Each component of the RHM will develop local policies and operating procedures in compliance with these requirements.

1 [CHE Trinity Health] is being used as a placeholder until the new System name is announced.
DEFINITIONS:

Emergent (service level) - Medical services needed for a condition that may be life threatening or the result of a serious injury and requiring immediate medical attention. This medical condition is generally governed by the Emergency Medical Treatment and Active Labor Act (EMTALA).

Family - As defined by the U.S. Census Bureau, a group of two or more people who reside together and who are related by birth, marriage, or adoption. If a patient claims someone as a dependent on their income tax return, according to the Internal Revenue Service rules, they will be considered a dependent for the purpose of determining eligibility under the RHM’s financial assistance policy.

Income - Income includes wages, salaries, salary and self-employment income, unemployment compensation, worker's compensation, payments from Social Security, public assistance, veteran's benefits, child support, alimony, educational assistance, survivor's benefits, pensions, retirement income, regular insurance and annuity payments, income from estates and trusts, rents received, interest/dividends, and income from other miscellaneous sources.

Family Income - A person’s family income includes the income of all adult family members in the household. For patients under 18 years of age, family income includes that of the parents and/or step-parents, or caretaker relatives. Annual income from the prior 12 month period or the prior tax year as shown by recent pay stubs or income tax returns and other information. Proof of earnings may be determined by annualizing the year-to-date family income, taking into consideration the current earnings rate.

Financial Support - Support (charity, discounts, etc.) provided to patients for whom it would be a hardship to pay for the full cost of medically necessary services provided by [CHE Trinity Health] who meet the eligibility criteria for such assistance.

Uninsured Patient - An individual who is uninsured, having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program (including without limitation Medicare, Medicaid, SCHIP, and CHAMPUS), Worker's Compensation, or other third party assistance to cover all or part of the cost of care, including claims against third parties covered by insurance to which [CHE Trinity Health] is subrogated, but only if payment is actually made by such insurance company.

Urgent (service level) - Medical services for a condition not life threatening, but requiring timely medical services.

Service Area – A service area is the list of zip codes comprising a RHMs service market area constituting a “community of need” for primary health care services.

PROCEDURE:

I. Qualifying Criteria for Financial Assistance
RHM will follow system wide Procedures and Guidelines that specify the patients and services eligible for financial support and not eligible for financial support establish. Eligibility for financial assistance and support from the RHM will be determined on an individual basis using specific criteria and evaluated on an assessment of the patient’s and/or family’s health care needs, financial resources and obligations and regardless of race, creed, sex, or age.

A. Services eligible for financial support:

i. All medically necessary services, including medical and support services provided by the RHM, will be eligible for financial support.

ii. Emergency medical care services will be provided to all patients who present to the RHM’s emergency departments, regardless of the patient’s ability to pay. Such medical care will continue until the patient’s condition has been stabilized prior to any determination of payment arrangements.

B. Services not eligible for financial support:

i. Cosmetic services, other elective procedures and services that are not medically necessary.

ii. Services not provided and billed by the RHM (e.g. independent physician services, private duty nursing, ambulance transport, etc.).

iii. As provided in Section II, RHM will make affirmative efforts to help patients apply for public and private programs. RHM may deny financial support to those individuals who do not cooperate in applying for programs that may pay for their health care services, but shall not engage in extraordinary collection efforts that could jeopardize the RHM’s tax exempt status.

iv. RHM will exclude services that are covered by an insurance program at another provider location but are not covered at a [CHE Trinity Health] location after efforts are made to educate the patients and provided that federal EMTALA obligations are satisfied.

C. Residency requirements

i. The components of the RHM will provide financial support to patients who reside within their service areas and qualify under this Financial Assistance Policy (FAP).

ii. RHM will start with the list of zip codes provided by System Office Strategic Planning that define each component of the RHM's service areas. RHM will verify service areas in consultation with the local Community Benefit departments. Eligibility will be determined by the RHM using the patient's primary residence zip code. Each component of the RHM will identify service areas in their local policies and operating procedures and include service area information in procedure design and training.
iii. RHM will provide financial support to patients from outside their service areas who qualify under the FAP and who present with an urgent, emergent or life-threatening condition.

iv. RHM will provide financial support to patients identified as needing service by physician foreign mission programs conducted by active medical staff for which prior approval has been obtained from the RHMs President or designee.

D. Documentation for Establishing Income

i. Information provided to the RHM by the patient and/or family should include earned income, including monthly gross wages, salary and self-employment income; unearned income including alimony, retirement benefits, dividends, interest and income from any other source; number of dependents in household; and other information to determine the patient’s financial resources.

ii. Supporting documents such as payroll stubs, tax returns, and credit history may be requested to support information reported and shall be maintained with the completed application and assessment.

E. Consideration for Patient Assets

i. RHM's acute care and ambulatory facilities have established a threshold level of assets above which the patient's/family's assets will be used for payment of medical expenses and liabilities to be considered in assessing the patient's financial resources.

Protected Assets:

- Fifty percent (50%) of the equity in primary residence up to $50,000.
- Business use vehicles;
- Tools or equipment used for business and reasonably required to remain in business;
- Personal use property (clothing, household items, furniture);
- IRAs, 401(k) plans, 403(b) plans, and cash value retirement plans;
- Financial awards received from non-medical catastrophic emergencies;
- Irrevocable trusts for burial purposes, prepaid funeral plans; and
- Federal/State administered college savings plans.

All other assets will be considered available for payment of medical expenses. RHM will count the excess available assets as current year income in establishing the level of discount to be offered to the patient. The minimum amount of available assets to be protected by the RHM is $5,000.

F. Presumptive Support
i. RHM recognizes that not all patients are able to provide complete financial information. Therefore, approval for financial support may be determined based on limited available information. When such approval is granted it is classified as “Presumptive Support”.

ii. The predictive model is one of the reasonable efforts that will be utilized by the RHM to identify patients who may qualify for financial assistance prior to initiating collection actions, i.e. write-off to bad debt and referral to collection agency, for the patient account. This predictive model enables [CHE Trinity Health] RHMs to systematically identify financially needy patients.

iii. Examples of presumptive cases include:
   - deceased patients with no known estate;
   - homeless patients;
   - unemployed patients;
   - non-covered medically necessary services provided to patients qualifying for public assistance programs;
   - patient bankruptcies, and
   - members of religious organizations who have taken a vow of poverty and have no resources individually or through the religious order.

iv. For patients who are non-responsive to the application process, other sources of information, if available, should be used to make an individual assessment of financial need. This information will enable each component of the RHM to make an informed decision on the financial need of non-responsive patients.

v. For the purpose of helping financially needy patients, a third-party will be utilized to conduct a review of patient information to assess financial need. This review utilizes a health care industry-recognized, predictive model that is based on public record databases. These public records enable the RHM to assess whether the patient is characteristic of other patients who have historically qualified for financial assistance under the traditional application process. In cases where there is an absence of information provided directly by the patient, and after efforts to confirm coverage availability are exhausted, the predictive model provides a systematic method to grant presumptive eligibility to financially needy patients.

vi. In the event a patient does not qualify under the predictive model, the patient can still provide supporting information within established timelines and be considered under the traditional financial assistance application process.

vii. Patient accounts granted presumptive support status will be adjusted using *Presumptive Financial Support* transaction codes at such time the account is deemed uncollectable and prior to referral to collection or write-off to bad debt. The discount granted will be classified as financial support; the patient’s account will not be sent to collection and will not be included in the RHM’s bad debt expense.

G. Timeline for Establishing Financial Eligibility
i. Every effort should be made to determine a patient’s eligibility for financial support prior to or at the time of admission or service. Financial assistance applications will be accepted until one year after the first billing statement to the patient.

ii. Determination for financial support will be made after all efforts to qualify the patient for governmental financial assistance or other programs have been exhausted.

iii. The RHM will make every effort to make a financial support determination in a timely fashion. If other avenues of financial support are being pursued, the RHM will communicate with the patient regarding the process and expected timeline for determination and shall not attempt collection efforts while such determination is being made.

iv. Once qualification for financial support has been determined, subsequent reviews for continued eligibility for subsequent services should be made after a reasonable time period as determined by the RHM.

H. Level of Financial Support

i. RHM will follow the income guidelines established below in evaluating a patient’s eligibility for financial support. A percentage of the Federal Poverty Guidelines, which are updated on an annual basis, is used for determining a patient’s eligibility for financial support. However, other factors, as identified above, also should be considered such as the patient’s financial status and/or ability to pay as determined through the assessment process.

ii. RHM will implement the recommended level of financial support set forth in this Procedure. It is recognized that local demographics and the financial support policies offered by other providers in the community may expose the RHM to large financial risks and a financial burden which could threaten the RHM’s long-term ability to provide high quality care. RHM has not requested approval to implement thresholds that are less than or greater than the recommended amounts from [CHE Trinity Health’s] Chief Financial Officer.

iii. Family Income at or below 200% of Federal Poverty Income Guidelines:

- A full discount off total charges will be provided for uninsured patients whose family’s income is at or below 200% of the most recent Federal Poverty Income Guidelines.

iv. Family Income between 201% and 400% of Federal Poverty Income Guidelines:

- A discount off total charges equal to the RHM’s average acute care contractual adjustment for Medicare will be provided for acute care patients whose family income is between 201% and 400% of Federal Poverty Income Guidelines. A discount off total charges equal to the RHMs physician contractual adjustment for Medicare will be provided for ambulatory patients whose family income is between 201% and 400% of Federal Poverty Income Guidelines. The RHM’s acute and physician average contractual adjustment amount for Medicare will be calculated utilizing the look back methodology of
calculating the sum of paid claims divided by the total or “gross” charges for those claims by the System Office or RHM annually using twelve months of paid claims with a 30 day lag from report date to the most recent discharge date. The current discounts for each component of the RHM are listed in Exhibit 1 to this FAP.

v. Patients with Family Income up to and including 200% of the Federal Poverty Income Guidelines will be eligible for Financial Support for co-pay and deductible amounts provided that there is no conflict with contractual arrangements with the patient’s insurer and that they apply for financial assistance.

vi. Medically Indigent Support / Catastrophic: Financial support is also provided for medically indigent patients. Medical indigence occurs when a person is unable to pay some or all of their medical bills because their medical expenses exceed a certain percentage of their family or household income (for example, due to catastrophic costs or conditions), regardless of whether they have income or assets that otherwise exceed the financial eligibility requirements for free or discounted care under the RHM’s FAP. Catastrophic costs or conditions occur when there is a loss of employment, death of primary wage earner, excessive medical expenses or other unfortunate events. Medical indigence/catastrophic circumstances will be evaluated on a case-by-case basis that includes a review of the patient’s income, expenses and assets. If an insured patient claims catastrophic circumstances and applies for financial assistance, medical expenses for an episode of care that exceed 20% of income will permit co-pays and deductibles to qualify as catastrophic charity care. Discounts for medically indigent care for the uninsured will not be less than the RHM’s average contractual adjustment amount for Medicare for the services provided or an amount to bring the patients catastrophic medical expense to income ratio back to 20%. Medical indigent and catastrophic financial assistance will be approved by the RHM CFO and reported to the System office Finance.

vii. While financial support should be made in accordance with the RHM's established written criteria, it is recognized that occasionally there will be a need for granting additional financial support to patients based upon individual considerations. Such individual considerations will be approved by the RHM CFO and reported to system office Finance.

I. Accounting and Reporting for Financial Support

i. In accordance with the Generally Accepted Accounting Principles, financial support provided by [CHE Trinity Health] is recorded systematically and accurately in the financial statements as a deduction from revenue in the category “Charity Care”. For the purposes of Community Benefit reporting, charity care is reported at estimated cost associated with the provision of “Charity Care” services in accordance with the Catholic Health Association.

ii. The following guidelines are provided for the financial statement recording of financial support:
• Financial support provided to patients under the provisions of “Financial Assistance Program”, including the adjustment for amounts generally accepted as payment for patients with insurance, will be recorded under “Charity Care Allowance.”

• Write-off of charges for patients who have not qualified for financial support under this procedure and who do not pay will be recorded as “Bad Debt.”

• Prompt pay discounts will be recorded under “Operational Adjustments-Administrative” or “Contractual Allowance.”

• Accounts initially written-off to bad debt and subsequently returned from collection agencies where the patient was determined to have met the financial support criteria based on information obtained by the collection agency will be reclassified from “Bad Debt” to “Charity Care Allowance”.

II. Assisting Patients Who May Qualify for Coverage

A. RHM will make affirmative efforts to help patients apply for public and private programs for which they may qualify and that may assist them in obtaining and paying for health care services. Premium assistance may also be granted on a discretionary basis according to [CHE Trinity Health’s] “Payment of QHP Premiums and Patient Payables Procedure.”

B. RHM will have understandable, written procedures to help patients determine if they qualify for public assistance programs or the RHM's Financial Assistance Policy.

III. Effective Communications

A. RHM will provide financial counseling to patients about their health care bills related to the services they received at the RHM and will make the availability of such counseling known.

B. RHM will respond promptly and courteously to patients’ questions about their bills and requests for financial assistance.

C. RHM will utilize a billing process that is clear, concise, correct and patient friendly.

D. RHM will make available for review by the public specific information in an understandable format about what they charge for services.

E. The financial Assistance Policy, Financial Assistance Patient Brochure, and Plan Language Summary are posted on the public website at www.mercynorthiowa.com. Each component of the RHM will post signs and display brochures that provide basic information about this FAP in public locations. Signage will be available in the following locations:

   i. Central Patient Access where patients register for inpatient and outpatient services.
ii. Outpatient registration areas associated with specific clinical services (Cancer Center, Dialysis, Rehabilitative Services, Radiology Service).

iii. Patient check in or waiting areas of wholly owned clinics within and outside of Mason City. These are at the Regency, Forest Park, Internal Medicine, OBS/GYN, and Pediatric offices in Mason City, at Family Practice and Pediatrics offices in Clear Lake, and the Family Practice offices in Forest City, Buffalo Center, Lake Mills, Northwood, Sheffield, Rockford, Greene, and Charles City.

In addition, there is a Community Services Board that meets quarterly. This Board has representatives from a wide variety of public agencies that provide services to meet public health needs in the communities that we serve. The Trinity Health Financial Assistance Policy is presented to this Board on an annual basis.

F. RHM's acute care facilities will make this FAP, a plain language summary of the FAP and the FAP application form available to patients upon request, in public places in the acute care facility, by mail and on the facility's website. Any individual with access to the Internet must be able to view, download and print a hard copy of these documents. The RHM must provide any individual who asks how to access a copy of the FAP, FAP application form, or plain language summary of the FAP online with the direct website address, or URL, where these documents are posted.

G. These documents will be made available in English and in the primary language of any population with limited proficiency in English that constitutes more than 10 percent of the residents of the community served by the RHM. Each component of the RHM will list on their website and in their President's office the locations in the RHM where these documents are available.

H. Each component of the RHM will take measures to notify members of the community they serve about the FAP. Such measures may include, for example, the distribution of information sheets summarizing the FAP to local public agencies and nonprofit organizations that address the health needs of the community’s low income populations.

IV. Implementation of Accurate and Consistent Policies

A. Patient Financial Services and Patient Access will educate staff members who work closely with patients (including those working in patient registration and admitting, financial assistance, customer service, billing and collections, physician offices) about billing, financial assistance, collection policies and practices, and treatment of all patients with dignity and respect regardless of their insurance status or their ability to pay for services.

B. RHM will honor financial support commitments that were approved under previous financial assistance guidelines. At the end of that eligibility period the patient may be re-evaluated for financial support using the guidelines established in this procedure.

V. Fair Billing and Collection Practices
A. RHM will implement billing and collection practices for the patient payment obligations that are fair, consistent and compliant with state and federal regulations.

B. RHM will make available to all patients who qualify a short term interest free payment plan with defined payment time frames based on the outstanding account balance. RHM will also offer a loan program for patients who qualify.

C. RHM will have written procedures outlining when and under whose authority a patient debt is advanced for external collection activities that are consistent with this procedure.

D. The following collection activities may be pursued by the RHM or by a collection agent on their behalf:

   i. Communicate with patients (call, written, fax, text, email, etc.) and their representatives in compliance with the Fair Debt Collections Act, clearly identifying the RHM. The patient communications will also comply with HIPAA privacy regulations.

   ii. Solicit payment of the estimated patient payment obligation portion at the time of service in compliance with EMTALA regulations and state laws.

   iii. Provide low-interest loan program for payment of outstanding debts for patients who have the ability to pay but cannot meet the short-term payment requirements.

   iv. Report outstanding debts to Credit Bureaus only after all aspects of this procedure have been applied and after reasonable collection efforts have been made in conformance with the RHM FAP.

   v. Pursue legal action for individuals who have the means to pay but do not pay or who are unwilling to pay. Legal action also may be pursued for the portion of the unpaid amount after application of the RHM’s Financial Assistance Policy. An approval by the [CHE Trinity Health] or RHM CEO/CFO, or the functional leader for Patient Financial Services must be obtained prior to commencing a legal proceeding or proceeding with a legal action to collect a judgment (i.e. garnishment of wages, debtor's exam).

   vi. Place liens on property of individuals who have the means to pay but do not or who are unwilling to pay. Liens may be placed for the portion of the unpaid amount after application of the RHM Financial Assistance Policy. Placement of lien requires approval by the [CHE Trinity Health] or RHM CEO/CFO, or the functional leader for Patient Financial Services. Liens on primary residence can only be exercised upon the sale of property and will protect certain asset value in the property. RHM will protect 50% of the equity up to $50,000.

E. RHM (or a collection agent on their behalf) shall not pursue action against the debtor's person, such as arrest warrants or “body attachments.” [CHE Trinity Health] recognizes that a court of law may impose an arrest warrant or other similar action against a defendant for failure to comply with a court’s order or for other violations of law related to a collection effort. While in extreme cases of willful avoidance and failure to pay a justly due amount when adequate resources are available to do so a court order may be issued; in
general, the RHM will first use its efforts to convince the public authorities not to take such an action, and, if not successful, consider the appropriateness of ceasing the collection effort to avoid an action against the person of the debtor.

F. RHM may establish an arrangement with a collection agency, provided that such agreement meets the following criteria:

i. The agreement with a collection agency must be in writing;

ii. Neither the RHM nor the collection agency may at any time pursue action against the debtor’s person, such as arrest warrants or “body attachments;”

iii. The agreement must define the standards and scope of practices to be used by outside collection agents acting on behalf of the RHM, all of which must be in compliance with this procedure;

iv. No legal action may be undertaken by the collection agency without the prior written permission of the RHM;

v. [CHE Trinity Health] Legal Services must approve all terms and conditions of the engagement of attorneys to represent the RHM in collection of accounts;

vi. All decisions as to the manner in which the claim is to be handled by the attorney, whether suit is to be brought, whether the claim is to be compromised or settled, whether the claim is to be returned to the RHM, and any other matters related to resolution of the claim by the attorney shall be made by the RHM in consultation with [CHE Trinity Health] Legal Services;

vii. Any request for legal action to collect a judgment (i.e., lien, garnishment, debtor’s exam) must be approved in writing and in advance with respect to each account by the appropriate authorized RHM representative as detailed in section V.

viii. The RHM must reserve the right to discontinue collection actions at any time with respect to any specific account;

ix. The collection agency must agree to indemnify RHM for any violation of the terms of its written agreement with the RHM.

VI. Other Discounts

A. Prompt Pay Discounts: RHM has a prompt pay discount program which is limited to balances equal to or greater than $200.00 and no more than 20% of the balance due. The prompt pay discount is to be offered at the time of service and recorded as a contractual adjustment and cannot be recorded as charity care on the financial statements.

B. Self-Pay Discounts: RHM will apply a standard self-pay discount off of charges for all registered self-pay patients that do not qualify for financial assistance (e.g., > 400% of FPL) based on the highest commercial rate paid.
C. **Additional Discounts:** Adjustments in excess of the percentage discounts described in this procedure may be made on a case-by-case basis upon an evaluation of the collectability of the account and authorized by the RHM's established approval levels.

Should any provision of this FAP conflict with the requirement of the State of Iowa, state law shall supersede the conflicting provision and the RHM shall act in conformance with applicable state law.

**REFERENCES:**

- Patient Protection and Affordable Care Act statutory section 501(r)
- Internal Revenue Service Schedule H (Form 990)
- Department of Treasury, Internal Revenue Service, Additional Requirements for Charitable Hospitals; Proposed Rule: Volume 77, No. 123, Part II, 26 CFR, Part 1
- [CHE Trinity Health] Revenue Excellence Procedure No. 02-12-06 Financial Assistance to Patients (insert hyperlink)
EXHIBIT 1

Current Discounts for Each Component of the RHM

<table>
<thead>
<tr>
<th>% of Federal Poverty Level</th>
<th>Recommended Level of Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% - 100%</td>
<td>100% Write-Off</td>
</tr>
<tr>
<td>100% - 150%</td>
<td>100% Write-Off</td>
</tr>
<tr>
<td>150% - 200%</td>
<td>100% Write-Off</td>
</tr>
<tr>
<td>201% - 400%</td>
<td>Acute care: 74% for Clinton, 73% for Dubuque, Dyersville, Mason City and New Hampton, 72% for Sioux City and Oakland. Ambulatory care: 72% for Sioux City, 64% for Mason City and New Hampton</td>
</tr>
</tbody>
</table>

* Patients who present for services with insurance who have nominal, if any coverage for services may also be eligible for the uninsured discount. Nominal coverage is defined as less than 5% coverage for total charges.

** The nominal charge shall not exceed $10 for outpatient or emergency department services; $50 for outpatient surgery or interventional services; and $100 for inpatient services.

Uninsured patients that don't meet the above guidelines may be eligible for financial assistance based upon the Medical Indigence criteria outlined in this procedure.

2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia

<table>
<thead>
<tr>
<th>Persons in Family</th>
<th>Poverty Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,770</td>
</tr>
<tr>
<td>2</td>
<td>$15,930</td>
</tr>
<tr>
<td>3</td>
<td>$20,090</td>
</tr>
<tr>
<td>4</td>
<td>$24,250</td>
</tr>
<tr>
<td>5</td>
<td>$28,410</td>
</tr>
<tr>
<td>6</td>
<td>$32,570</td>
</tr>
<tr>
<td>7</td>
<td>$36,730</td>
</tr>
<tr>
<td>8</td>
<td>$40,890</td>
</tr>
</tbody>
</table>

For families/households with more than 8 persons, add $4,160 for each additional person.

Source: Federal Register, Vol. 80, No. 14, January 22, 2015