

Middlesex Hospital

Policy: Uncompensated Care Policy

Purpose: To define Middlesex Hospital's policy regarding uncompensated care.

Overview

Middlesex Hospital has always maintained a commitment to provide health care services to all those in need regardless of their ability to pay for those services. Middlesex Hospital's payment policies are intended to insure its ongoing financial viability and, as such, it pursues all avenues available to obtain payments. Middlesex Hospital will make every reasonable effort to assist patients in making payment arrangements for services or in obtaining financial assistance to which they are entitled.

If a patient has the means to pay for services, has been adequately notified of his liability, and does not make payment or acceptable arrangements, Middlesex Hospital uses appropriate methods to pursue collection. These methods include using collection agencies and attorneys to recover balances due including interest, court costs, and attorney fees, where applicable.

If a patient indicates an inability to pay, free care, or care provided at reduced rates, is available providing specific low-income guidelines are met. The federal poverty-income guidelines and state statute are used to determine the level of uncompensated care. The federal government adjusts these guidelines for inflation annually in April.

Collection agencies and attorneys in following their normal collection process and federal poverty income guidelines may determine that certain patients do not have the means to pay for services qualifying them for free care. Middlesex Hospital also grants Charity Care to these patients.

Middlesex Hospital makes administrative decisions to grant Charity Care to patients with circumstances that preclude them from completing the application process, such as patient being homeless.

Free Bed Funds

Middlesex Hospital has Free Bed Funds that are used to provide free care for patients. These funds are trusts or endowments established by various individuals and companies. Middlesex Hospital uses the annual income (if any) generated from the investment of these funds to provide free care to patients who have no other means of payment. Signs are posted in conspicuous public places within the hospital, including but not limited to admission and registration offices, emergency rooms, social services offices and patient accounts or billing offices, in English and Spanish, to notify patients of the availability of these Free Bed Funds. The signs and individual notices inform the patient of the existence of Middlesex Hospital Free Bed Funds and Middlesex Hospital's program to administer them and the person to contact for application information.

Each of these Funds has restrictions that govern its use. For example, the Fund may be restricted to patients who are residents of specific towns and members of the families or employees of the companies who established the Fund. In some instances, eligibility determinations are not made by Middlesex Hospital, but by town selectmen or church clergy chosen by the individuals or companies who established the Fund.

Although these Funds are not restricted by specific income guidelines, the subjective terminology (i.e. poor, needy, etc.) describes the financial status of the patients eligible for these Funds. Middlesex Hospital has decided that in the absence of specific income guidelines, priority will be given to persons meeting the federal poverty-income guidelines. Applicants will be screened for financial eligibility first and then a Fund will be selected based on compliance with the other restrictions. If the patient is eligible for financial assistance and there are no Funds with available money or applicable for the patient, Middlesex Hospital will use Charity Care.

Middlesex Hospital will use a sliding scale based on multiples of the Poverty Income Guidelines to determine the percent of assistance for which the patient is eligible. Accounts will be adjusted using the appropriate transaction code assigned to each fund to reduce the balance to the amount due from the patient. If there is a difference between the money available from the Free Bed Funds and the amount of assistance for which the patient is eligible, the difference will be considered Charity Care. The patients will be billed only for the remaining account balance not eligible for Free Bed Funds and/or Charity Care.

#### Charity Care

Patients will continue to be provided Charity Care in the event that Free Bed Funds monies are not available or not applicable to the patient. The same sliding scale using multiples of the Poverty Income Guidelines will be used for the Charity Care eligibility determination. The determination may be made prior to the patient receiving service or after the service has been rendered, but prior to classification of the uncollected amount as a bad debt. Notice of Free Bed Funds and Charity Care availability is also provided patients in bad debt collection by the collection agency. Patients in bad debt collection who indicate an inability to pay are returned to Middlesex Hospital for an eligibility determination. The patient must provide proof of income as per application instructions and Middlesex Hospital will validate that there are no other sources of payment. The sliding scale will be limited to the balances due from patients. The amount of the Charity Care will be written off as a Charity Care allowance. These adjustments will be recorded in order to document the Charity Care provided to Middlesex Hospital's patients. Patients are responsible for paying any balance remaining after the Charity Care allowance has been applied.

In some cases, a patient may have substantial assets despite falling within the income range set out in the sliding scale to make the patient potentially eligible for Free Bed Funds or Charity Care. Therefore, before determining eligibility, the patient's assets and other relevant factors are considered. However, under no circumstances will Middlesex Hospital collect from the patient more than the "cost" of providing services in the event the patient is determined to have income at or below 250% of the poverty income guidelines and otherwise meets the definition of "Uninsured Patient" set out in P.A.03-266.

#### Record Keeping

Middlesex Hospital will maintain records of all Financial Assistance applications, approvals, and transactions, including those for Free Bed Funds, pursuant to state statute.

TOBIN, CARBERRY, OMALLEY, RILEY, SELINGER, P.C. (TCORS)

**Policy & Procedure for Assigning Debt. To a Collection Agent**

Inpatient and high dollar outpatient self pay accounts are referred to the attorneys within 14 days of discharge. The attorneys put every account through a Medicaid eligibility process in an attempt to get coverage for the services provided. Patients who do not qualify for Medicaid are assessed for their ability to pay and either referred back to the Hospital as uncollectible, or for financial assistance or are pursued by the attorneys for payment.

**Policy & Procedure for Compensating a Collection Agent**

The attorneys reimburse the hospital all dollars they have collected, net of their commission. The hospital reimburses the attorneys, on a monthly basis, the commission due for any dollars paid directly to the Hospital for accounts placed with the attorneys. Commission rates for accounts deemed eligible for Medicaid are 28%, accounts in direct patient collections 24%, and accounts pursued with legal assistance 33.33%

MEDCONN Collection Agency, LLC

**Policy & Procedure for Assigning Debt. To a Collection Agent**

Patients receive 3 dunning statements at 30 day intervals, followed by a letter detailing referral to a collection agency is imminent if no payment is received. Accounts are referred to collection 14 days after the letter was sent if there is no response from the patient.

**Policy & Procedure for Compensating a Collection Agent**

The agency reimburses the hospital all dollars they have collected, net of their commission. Any dollars paid directly to the hospital for a collection account are reported to the agency who nets their commission for those dollars from the dollars they have collected directly. Commission rates for workers compensation claims are 14%, all other accounts (except legal) 24%, and accounts pursued with legal assistance 33.33%