

**LAWRENCE COUNTY MEMORIAL HOSPITAL**  
**Lawrenceville, Illinois**

Originating Department: Patient Financial Services	Effective Date: 3/1/09 Revision Dates: 10/20/10, 3/13/14, 9/28/15, 4/17/17
Title: Uninsured Patient Discount Policy	Executive Approval: <i>Original Signed</i>  Board Approval: 2/25/09, 10/27/10, 4/2/14, 10/6/15
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**I. MISSION**

**A.** The mission of Lawrence County Memorial Hospital (“**LCMH**”), a not-for-profit, tax-exempt entity, is to restore, maintain and improve the health of the people and communities it serves.

**B.** In furtherance of its mission as a charitable organization, LCMH is committed to providing medically necessary inpatient, outpatient, and comprehensive primary care clinic services (collectively, the “**Hospital Services**”) to residents of Lawrence County, Illinois and its defined service areas, regardless of any patient’s ability to pay.

**II. PURPOSE**

**A.** The purpose of this Policy is to comply in all respects with the provisions of the Illinois Hospital Uninsured Patient Discount Act (210 ILCS 89/1 *et seq.*), the IRS 501(r) proposed regulations, and National Health Service Corps Sliding Fee Discount Program

**B.** This Policy is a part of the overall LCMH Financial Assistance Program and works in conjunction with the Uninsured Presumptive Eligibility policy. The Uninsured Patient Discount Policy is separately stated in connection with the distinctive statutory framework of the Illinois Hospital Uninsured Patient Discount Act, the Fair Patient Billing Act, the IRS 501(r) proposed regulations, and National Health Service Corps Sliding Fee Discount Program. The three policies are in recognition of LCMH’s actions to provide a gift of services to all persons as is appropriate to reduce any governmental burden and to use its facilities in furtherance of its Mission for the benefit of all persons regardless of ability to pay.

**III. METHOD FOR APPLYING FOR FINANCIAL ASSISTANCE**

**A.** A Financial Assistance application is given to every uninsured patient that registers at the hospital. The patient may complete the financial assistance application and return it to Patient Accounts.

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**B.** The patient may call Patient Accounts at the phone number displayed in Registration, on hospital statements and on hospital letters and request a Financial Assistance Application.

**C.** The patient may access the hospital's website at [www.lcmhosp.org](http://www.lcmhosp.org) and print the Financial Assistance application from the website.

#### **IV. MEASURES TO PUBLICIZE THE FINANCIAL ASSISTANCE POLICY**

**A.** LCMH will advise patients and their families of Financial Assistance through the following means:

- Direct patient contact, in person or over the phone.
- Financial Assistance applications given to every uninsured patient at registration.
- Notice of availability of Financial Assistance is posted in each registration area and Emergency Department and other waiting areas.
- Notice of availability of Financial Assistance will be included with each patient initial bill.
- Availability of Financial Assistance will be printed on applicable letters and statements.
- Notice of availability will be posted on the hospital's website.

#### **V. POLICY**

**A.** It is the policy of LCMH to grant a discount to every Uninsured Patient who receives medically necessary services, including comprehensive primary care clinic services, and who qualifies for such discount under this Policy, the Illinois Hospital Uninsured Patient Discount Act and the IRS 501(r) regulations. This policy includes a discount on all medically necessary professional fees except those billed for the following:

1. Radiology readings by Clinical Radiologists;
2. Lab send-outs to The Path Group;
3. Surgery professional fees for any eye surgery;
4. Clinic or surgery fees from Wabash General Hospital Orthopedic Group;

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**B.** Uninsured Discounts will be based solely on the criteria in this Policy, the Act and IRS regulation and not on the basis of any particular race, color, religion, national origin, ancestry, creed, sex, age, marital status, physical or mental handicap, sexual orientation or citizenship status.

**C.** Emergency admission, treatment, screening and/or stabilization services will not be delayed or denied due to coverage or payment ability.

**D.** Patients are billed full charges if they do not apply for Financial Assistance.

## **VI. PROCEDURE**

### **A. PATIENT QUALIFICATION AND ELIGIBILITY**

#### *1. Definitions.*

(a) “Uninsured Patient” means an Illinois resident who is a patient of LCMH and who is not covered under a policy of health insurance and is not a beneficiary under a public or private health insurance, health benefit, or other health coverage program, including high deductible health insurance plans, workers' compensation, accident liability insurance, or other third party liability.

(b) “Income” means earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources. *Noncash benefits (such as food stamps and housing subsidies) do not count.*

(c) “Family” means a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

“Medically necessary” means any inpatient or outpatient hospital service, including clinic services, hospital billed physician services, pharmaceuticals or supplies provided by LCMH to a patient, covered under Title XVIII of the federal Social Security Act for beneficiaries with the same clinical presentation as the Uninsured Patient. A medically necessary service does not include any of the following:

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- Non-medical services such as social and vocational services.
- Elective cosmetic surgery, but not plastic surgery designed to correct disfigurement caused by injury, illness, or congenital defect or deformity.

(d) “Federal poverty income guidelines” means the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services.

## 2. *Qualification*

(a) Uninsured Patients must apply for the Uninsured Discount and submit acceptable documentation verifying income and Illinois residency within 240 days of the date of first billing statement.

(b) Verification:

- (1) Income may be verified by submitting any of the following:
  - A copy of the most recent tax return;
  - A copy of the most recent W-2 form and 1099 forms;
  - Copies of the two most recent pay stubs;
  - Written income verification from an employer if paid in cash; or
  - One other reasonable form of third party income verification deemed acceptable to LCMH.
- (2) Illinois residency may be verified by submitting any one of the following:
  - Any of the documents listed above in the section above regarding income verification;
  - A valid state-issued identification card;
  - A recent residential utility bill;
  - A lease agreement;
  - A vehicle registration card;
  - A voter registration card;
  - Mail addressed to the Uninsured Patient at an Illinois address from a government or other credible source;

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- A statement from a family member of the Uninsured Patient who resides at the same address and presents verification of residency; or
- A letter from a homeless shelter, transitional house or other similar facility verifying that the uninsured patient resides at the facility.

(c) LCMH shall provide a discount from its charges to an Uninsured Patient who is an Illinois resident and whose family income does not exceed more than 300% of the federal poverty income guidelines for all medically necessary health care services, including comprehensive primary care clinic services.

(d) LCMH makes it publicly known it provides a counselor who can assist patients in signing up for Medicaid or for health insurance on the Insurance Exchange.

(e) LCMH's obligations toward an Uninsured Patient will cease if that patient unreasonably fails or refuses to provide LCMH with information or documentation requested under Section (2)(b) above or to apply for coverage under public programs when requested within 30 days.

### 3. *Approval.*

(a) All requests for an Uninsured Discount must be reviewed and approved by the Patient Financial Services Director or the Chief Financial Officer. All applicants will be notified of approval or denial in writing.

(b) The Chief Financial Officer will promote LCMH's mission of providing medical care to all patients regardless of ability to pay and will assure that this Policy is applied in conjunction with LCMH's Financial Assistance Program so that all who need and apply for financial assistance receive it.

### 4. *Discount Applied.*

(a) LCMH shall provide a discount from its charges to any qualified Uninsured Patient whose family income does not exceed more than 300% of the applicable federal poverty income guidelines for all medically necessary health care services, including comprehensive primary care clinic services.

(b) The Uninsured Discount at 300% federal poverty level will be the greater of amounts generally billed (AGB) to Medicare and all private health insurers or LCMH's

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cost to charge ratio. The calculation of each method and which yields the greatest discount will be published on LCMH's website for patient viewing.

(c) The cost to charge ratio is calculated by multiplying LCMH's charges by a discount factor of 1.0 less the product of LCMH's cost to charge ratio multiplied by 1.35. The formula is expressed as:  $[1 - (CCR \times 1.35)] \times charges$ . Another way of expressing the discount is to say that an Uninsured Patient will be charged no more than 135% of LCMH's cost of providing care.

(d) LCMH will apply the "look-back method" for determining AGB. In particular, LCMH will determine the amounts generally billed for emergency or other medically necessary care by multiplying the Gross Charges for that care by the AGB Percentage. The AGB percentage will be calculated at least annually by dividing the sum of all claims that have been paid in full for emergency and other medically necessary care by Medicare and all private health insurers together as the primary payer(s) of these claims during a prior twelve (12)-month period by the sum of the associated Gross Charges for those claims. For these purposes, LCMH will include in "all claims that have been paid in full" both the portions of the claims paid by Medicare or the private insurer and the associated portions of the claims paid by Medicare beneficiaries or privately insured individuals in the form of co-insurance, copayments or deductibles.

(e) AGB is determined by LCMH Board and periodically updated. LCMH Board must approve each periodic update to the AGB. All approved AGBs must be implemented within 45 days of Board approval.

(f) For patients below 300% of federal poverty, a sliding scale percentage is applied and those at federal poverty level or below receive a 100% write off.

(g) The maximum amount that may be collected in a 12-month period from the date of service from a qualified Uninsured Patient is 25% of the family's annual income as defined in this Policy and is subject to the patient's continued eligibility.

To be eligible to have this maximum amount applied to subsequent charges, the Uninsured Patient shall inform the hospital in subsequent inpatient admissions or outpatient/clinic encounters that the patient has previously received Hospital Services and was determined to be entitled to the Uninsured Discount.

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## **VII. LCMH'S COMMITMENT TO QUALIFIED UNINSURED PATIENTS**

**A.** All uninsured patients receive a Financial Assistance application upon registration. Patients receive three letters in 30 day increments from discharge all highlighting that Financial Assistance is available and providing a phone number for questions. The last letter is mailed within 30 days of the end of the notice period. Additionally, during this initial 120 day period, phone contact is attempted to seek the patient's intentions to either apply for Financial Assistance, set up a reasonable payment plan, or pay the balance in full.

**B.** LCMH will not (1) place a lien, force the sale or foreclosure of a primary residence to pay for an outstanding medical bill; (2) pursue collection action where the patient has clearly demonstrated that he or she does not have sufficient income to meet any part of their financial obligation; (3) use body attachments to force the patient or responsible party to appear in court; (4) garnish wages.

**C.** If an Uninsured Patient has requested assistance and/or applied for other coverage and is cooperating with LCMH, LCMH will not pursue collection action until a decision has been made that there is no longer a reasonable basis to believe the patient may qualify for assistance or other coverage. Further, LCMH allows review and consideration of all Financial Assistance applications through 240 days from the first billing statement. No extraordinary collection practices will be initiated during this 240-day timeframe. When the patient has been approved under the Uninsured Discount Policy for an Uninsured Discount, LCMH will work with the patient or the responsible party to establish a reasonable payment option for the remaining balance. Collection action may be taken by LCMH to enforce the terms of a scheduled payment plan.

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### **VIII. DOCUMENTATION AND RECORDKEEPING:**

The Business Office shall comply with the Documentation and Recordkeeping requirements of the Financial Assistance Program for all Uninsured Discounts provided under this Policy. LCMH staff will provide an approval or denial letter to the patient within 30 calendar days of receiving the full and complete Financial Assistance application and documentation.