

SUBJECT: REDUCED FEE/FREE CARE POLICY	REFERENCE #16.0050
DEPARTMENT: Finance	Page: 1 OF: 13
APPROVED BY: Stephen A. Brown, CFO	EFFECTIVE: 10/01/2017 REVISED: 02/07/2020

## Policy

Grace Cottage Family Health & Hospital (Grace Cottage) is committed to providing reduced fee/free Care through our financial assistance program to persons living within our service area who have healthcare needs and are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay for medically necessary care based on their individual financial situation. Grace Cottage strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care. Grace Cottage will not charge eligible patients more for emergency or other medically necessary services than the amount generally billed (AGB) to patients who have insurance. See appendix A for the hospital's calculation of the amount generally billed.

The financial assistance program is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with Grace Cottage's procedures for obtaining charity or other forms of payment or financial assistance, and to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to health care services, for their overall personal health, and for the protection of their individual assets. Individuals without the capacity to purchase insurance must first apply to the State of Vermont for assistive programs. Grace Cottage offers the services of a Resource Advocate to patients at no cost to provide information and/or assist with applying for resources and programs that may be of further assistance to you.

All patients may apply for the financial assistance program. All uninsured persons must apply for insurance with the healthcare exchange or the Medicaid program from the state in which they reside and receive approval or denial prior to determination of eligibility for Grace Cottage's financial assistance program.

In order to manage its resources responsibly and to allow Grace Cottage to provide the appropriate level of assistance to the greatest number of persons in need, the following guidelines for the provision of financial assistance have been established.

## Definitions

For the purpose of this policy, the terms below are defined as follows:

**Reduced fee/free care:** Reduced fee/free care results from a provider's policy to provide healthcare services free or at a discount to individuals who meet the established criteria.

**Household:** The people in a family or other group that are living together in one house.

**Household Income:** Household income is a measure of the combined incomes of all people sharing a particular household or place of residence. For the purpose of this policy and procedure the household income will be computed as defined below:

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- Money from wages and salaries before deductions.
- Net income from self-employment after deductions (excluding depreciation).
- Payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, disability benefits, workers' compensation earnings, survivor benefits, and veterans' benefits.
- Public assistance payments include aid to families with dependent children, supplemental security Income, educational assistance, and general assistance money payments.
- Alimony, child support, military family allotments, and/or other regular support from an absent family member or someone not living in the household.
- Private Pensions, government employee pensions or retirement income, and regular insurance or annuity payments.
- Dividends, interest, rents, royalties, or periodic receipts from estates or trusts. When dividends are noted on a tax return, the source of the dividends should be requested along with a recent market value statement.
- Income includes assets such as, but not limited to: checking, savings, certificates of deposit, IRA's, stocks, bonds, 401K / 403B, mutual funds, equity in the primary residence greater than \$100,000.00 and second properties.
- The income received for caring for foster children is added to household income; the same pertains to the care of disabled adults living in the applicant's home (not required on Federal Tax return).
- Social Security survivor benefits for minor children will be included in the household income.
- Net gambling or lottery Winnings.
- Determined on a before tax basis.
- Excludes capital gains or losses.
- Noncash benefits (such as food stamps and housing subsidies) do not count.

**Uninsured:** The patient has no level of insurance or third-party assistance to aid with meeting his/her payment obligations.

**Underinsured:** The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.

**Accounts Receivable (A/R):** Any amount owed to Grace Cottage as a result of providing health care services.

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**Amounts Generally Billed (AGB):** AGB is the maximum amount hospital facilities can charge patients that are eligible for financial assistance. Grace Cottage uses the “look back method” as defined in section 501 (r) (5) (b) (1) of the Internal Revenue Code. Grace Cottage will limit amounts charged for emergency or other medically necessary care provided to individuals eligible for assistance under this policy to not more than AGB. See appendix A for the calculation of this amount.

## Procedures

### ➤ Services Eligible under this Policy

For purposes of this policy, “reduced fee/free care” or “financial assistance” refers to healthcare services provided without charge or at a discount to qualifying patients. The following healthcare services provided by Grace Cottage providers (see appendix C) are eligible for this benefit:

1. Emergency medical services provided in an emergency room setting;
2. Services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual;
3. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting; and
4. Medically necessary services, evaluated on a case-by-case basis at Grace Cottage’s discretion.

### ➤ Services Not Eligible under this Policy

The following healthcare services are not eligible for this benefit:

1. Non-emergent services that are not covered by patient’s primary insurance are not subject to this benefit when those charges are denied as a result of Grace Cottage being a non-participating provider
2. Non-urgent and non-emergent services to patients residing outside the service area, which is defined as:  
**Athens, Bellows Falls, Bondville, Brattleboro, Brookline, Cambridgeport, Chester, Dover, Dummerston, Grafton, Guilford, Halifax, Jacksonville, Jamaica, Londonderry, Manchester, Marlboro, Newfane, Peru, Putney, Saxtons River, Somerset, Stratton, Townshend, Vernon, Wardsboro, Westminster, Whitingham, Williamsville, Wilmington, and Windham**
3. Services to a patient who may be eligible for standard VT Medicaid benefits but refuses to apply for coverage, or services to out of state patients who must apply for Medicaid in their home state
4. Insurance denials due to non-compliance with requirements
5. Liability cases in which a lien has been filed

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6. Accounts where the insurance carrier has sent the payment to the patient, but the patient has not forwarded the payment in full to Grace Cottage
7. Insurance company claims denied for lack of referral / pre-certification that the patient is required to obtain or for patient failure to submit information being required by the insurance company
8. Occupational health services- Employment Physicals
9. Physical exams and related services for work or insurance purposes or as required for administrative or liability reasons, CDL exams
10. Services or procedures for any condition, disease, or injury arising out of or in the course of employment, when the member has the opportunity to be covered by workers compensation programs
11. Supplies, including but not limited to: allergy serum, IUD and other birth control devices, and durable medical equipment
12. Healthcare services provided by entities, third party agencies, and / or providers as identified in Appendix D.
13. Elective procedures such as cosmetic procedures and elective immunizations

➤ **Eligibility for Reduced Fee/Free Care**

1. Eligibility for financial assistance will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care benefit program, and who are unable to pay for their care, based upon a determination of financial need in accordance with this policy. Individuals with third party resources recoverable by Grace Cottage (i.e. Medicare, VT Medicaid, private insurance, workers' compensation, etc.) may still be eligible for discounts on deductibles, co-insurance, or co-payments due by them after the third-party processing. The granting of this benefit shall be based on an individualized determination of financial need, and shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation.
2. Grace Cottage offers five (%) levels of fee reduction. See Appendix B.

➤ **Patient Eligibility Guidelines**

1. Patients with limited financial resources may apply for financial assistance. To qualify, patients must prove that their total assets are less than \$100,000.00 and less than \$6,000 per person, within the household, in savings, certificates of deposit, and checking accounts. Services eligible under this policy will be made

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available to the patient on a sliding fee scale, in accordance with financial need, as determined in reference to Federal Poverty Levels (FPL) in effect at the time of determination, see appendix B.

2. All sources of payment for medical services including: medical insurance, public assistance, liability, workers' compensation, auto with medical payment, and any other potential sources must be exhausted before financial assistance will be awarded.

➤ **Determination of Financial Need**

1. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and may:
  - A. Include an application process, in which the patient or the patient's guarantor are required to cooperate and supply personal, financial and other information and documentation relevant to making a determination of financial need. Proof of Income is to include the following documentation:
    - W-2s, copies of pay stubs, etc. for the past 3 months and/or year to date income and we will estimate current annual income.
    - Current Federal or State Tax Forms.
    - Unemployment Benefits Report.
    - Self Employed applicants must show current tax forms including a Schedule C and a statement indicating any changes to their income/expense status.
    - Social Security and other retirement benefit statements.
    - Copies of Child Support and/or Alimony checks.
    - Statements showing dividends, interest, rents, royalties, and periodic receipts from estates or trusts.
    - If you are not working or receiving any of the benefits above, please include a written statement as to how you are supporting yourself.
  - B. Include reasonable efforts by Grace Cottage to explore appropriate alternative sources of payment and coverage from public and private payment programs and to assist patients to apply for such programs.
  - C. Take into account the patient's available assets and all other financial resources available to the patient. Proof of assets and other financial resources available is to include the following documentation:

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- 3 consecutive months' worth of bank or other financial statements for all accounts of every person residing within the household.
  - If self-employed, the above listed will be required for all business accounts as well as personal accounts.
  - Written documentation (tax bill, mortgage agreement, tax return) that clearly identifies real estate value for all properties owned by persons residing within the household.
- D. Include a review of the patient's outstanding accounts receivable for prior services rendered and the patient's payment history.
- E. Application must be completed entirely and accompany all applicable documents to prevent delay in the application process.
- F. It is preferred, but not required, that a request for reduced fee/free care and a determination of financial need occur **prior** to rendering of services. However, the determination may be done at any point in the collection cycle.
1. If patient/guarantor is applying for services that have received more than one statement, the application will also need to include a letter documenting the circumstances surrounding the need of financial assistance: suddenly unemployed, illness causing inability to work, loss of insurance, etc. for balances aged more than 30 days from the date of the application.
  2. Presumptive Financial Assistance Eligibility: there are instances when a patient may appear eligible for financial assistance, but due to extenuating circumstances, a financial assistance application has not been completed. In these cases, the account and information will be presented to the Director of Business Office for a case by case review.
  3. All approved reduced fee/free care applications will remain valid for one year after the signed date of the application, unless the patient's financial situation changes within that year. If within the eligibility year a patient's financial situation changes, it is required these changes be reported to Grace Cottage and a new application be submitted to re-determine eligibility. Grace Cottage will send out a renewal letter and a new application 30-60 days prior to expiration of the current reduced fee/free care application. reduced fee/free care determination can vary from year to year and will be based on financials and changes in the levels within the Federal Poverty Guidelines.

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- G. Any patient/guarantor denied for reduced fee/free care based on being over income or out of service area may submit a written request for consideration based on circumstances. Approval may then be granted on a case-by-case basis. Written confirmation of approval or denial of this consideration will be mailed to the patient, as well as a GCH Financial Assistance Card to be presented along with insurance card for each date elective of service. This letter will include any additional terms such as: reduction of specific encounter(s) only, a reduced percentage granted with stipulation balance is paid within set amount of days, reduced fee/free care granted for 1 year despite being out of service area with stipulation that once expired they will not be eligible again, etc.
- H. Grace Cottage values of human dignity and stewardship shall be reflected in the application process, financial need determination and granting of reduced fee/free care. Requests for such shall be processed promptly and Grace Cottage shall notify the patient or applicant in writing within 30 days of receipt of a completed application.
- I. Any patient/guarantor who has been approved for any discounts under 100% will be required to pay the remaining balance in full or set up and fulfill a payment plan or risk forfeiture of reduced fee/free care benefits. Once determination is made the patient/guarantor will be contacted via phone requesting either payment in full or an acceptable payment plan in accordance with Grace Cottage's Collections Policy. Payment plan agreements will then be included within the acceptance letter and two copies will be mailed to the patient/guarantor allowing one for their records and for the other to be signed and returned to Grace Cottage. The acceptance letter signed by patient/guarantor and Grace Cottage staff will be kept on file and serve as a promissory note for balances owed.
- J. Appeals for financial assistance: If an application has been denied, the patient has the right to request a review by the Director of Business Office and/or the CFO. The appeal must be written and submitted with any additional information that was not submitted with the original application. The Director of Business Office and/or the CFO will make a final decision within 30-days of receipt of the written appeal.

➤ **Communication of the Reduced Fee/Free Care Program to Patients and the Public.** Notification about reduced fee/free care is available from Grace Cottage, which shall include a contact number, shall be disseminated by Grace Cottage by various means, which may include, but are not limited to;

1. Notification of the reduced fee/free care program is printed on every billing statement issued to patients, posted in all waiting rooms and in the elevator at Grace Cottage, on the hospital web site at <http://gracecottage.org/patients-visitors/billing-and-insurance/free-or-reduced-fee-care/>

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2. Applications for financial assistance may be obtained free of charge from any registration desk, registrar, or waiting room at Grace Cottage. Applications are also available to print from the hospital website at <http://gracecottage.org/patients-visitors/billing-and-insurance/free-or-reduced-fee-care/>
3. Patients who are admitted to our inpatient care unit are given information about our financial assistance program at the time of admission. New patients to our clinics will receive information about our financial assistance program in the new patient packet. Patients seen in our emergency room, clinics, or other outpatient service locations will be offered information on financial assistance at the time of registration.
4. Applications will be mailed upon request by contacting Patient Accounts at 800-270-1298.
5. The patient account office will notify patients and offer to mail an application when making calls for past due balances.
6. Assistance with the completion of the financial assistance application is available free of charge through our Resource Advocate. If you have any questions or would like to set up an appointment please call 802-365-3770.
7. Community-wide education regarding Grace Cottage's Financial Assistance program by means of article published in local newspaper, information posted at local businesses and facilities likely to reach eligible population (post office, soup kitchen, Senior Solutions, local stores, etc.), Resource Advocacy will offer sessions to the community discussing, "Knowing your Benefits and Financial Assistance at Grace Cottage."

Referral of patients for financial assistance may be made by any member of the Grace Cottage Staff or Medical Staff. A request for reduced fee/free Care may be made by the patient or a family member, close friend, or associate of the patient, subject to applicable privacy laws.

➤ **Relationship to Collection Policies**

Grace Cottage shall develop policies and procedures for internal and external collection practices that take into account the extent to which the patient qualifies for reduced fee/free care, a patient's good faith effort to apply for a governmental program, and a patient's good faith effort to comply with his or her payment agreements with Grace Cottage.

1. Neither Grace Cottage nor its agents shall pursue collection actions against patients for amounts qualifying them for financial assistance. If the patient/guarantor is unable to pay the balance in full after reduced fee has been applied, the patient/guarantor will be required to set up and fulfill an acceptable payment plan as defined in Grace Cottage's collection policy. Any patient making



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acceptable monthly payments on their balance will not be at risk for further collection actions and/or forfeiting their reduced fee/free care. However, any balance remaining after discount that goes unpaid as agreed upon will follow the collection actions outlined in Grace Cottage's Collection Policy. Failure to resolve the balance in full or to pay the missed payment will result in forfeiture of reduced/free care benefits. Reduced fee/free care adjustments will be reversed, the balance after the reduced fee adjustments are reversed will be removed from A/R and will be placed with a collection agency for further collection actions. Forfeiture of reduced fee/free care benefits will result in the patient/guarantor not being eligible again in the future until a substantial payment and/or effort is put forth to rectify this balance.

➤ **Regulatory Requirements**

In implementing this policy, Grace Cottage's management and facilities shall comply with all other federal, state, and local laws, rules, and regulations that may apply to activities conducted pursuant to this policy

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### Appendix A

The Amount Generally Billed (AGB) is calculated based on the combined percentage of what Medicare and all commercial and managed Care payers allow for services billed in a 12-month period. The percentage calculated will be multiplied times the total charges on the claim to arrive at the AGB. Grace Cottage will limit amounts charged for emergency or other medically necessary care provided to individuals eligible for assistance under this policy to not more than the AGB. Grace Cottage will update the AGB annually. For FY 2020 the AGB discount is 70%

**Calculation of the AGB:**

12-month period: 07/01/2018-06/30/2019

Total charges generated for Medicare, Commercial, and Managed Care Patients:

\$ 24,872,695

Total Allowed charges by Medicare, Commercial, and Managed Care Patients:

Total Charges Generated:	\$24,872,695
Less	
Total Contractual:	\$7,449,348
	-----
Total Allowed Charges:	\$17,423,347

Total percentage of allowed charges:

\$17,423,347	
-----	= 70%
\$24,872,695	

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### Appendix B

Patient reduced fee/free care guidelines. Services eligible under this policy will be made available to the patient on a sliding fee scale, in accordance with financial need, as determined in reference to federal poverty levels (FPL), outlined in the federal poverty guidelines, in effect at the time of the determination, as follows:

- Patients whose family income is at or below 150% of the FPL are eligible to receive free care;
- Patients whose family income is above 150% but not more than 350% of the FPL are eligible to receive services at a reduced rate based on a sliding fee schedule.
- Patients whose family income exceeds 350% of the FPL may be eligible to receive discounted rates on a case-by-case basis based on their specific circumstances, such as catastrophic illness or medical indigence, at the discretion of Grace Cottage.

Effective 02/01/2020-02/01/2021

## 2020 Grace Cottage Hospital Sliding Fee Scale

Based on 2020 Poverty Guidelines for the 48 Contiguous States and the District of Columbia

Family Size	≤ 150% of Poverty Level Patient Pays 0% Earnings up to:	200% of Poverty Level Patient pays 20% Earnings up to:	250% of Poverty Level Patient pays 40% Earnings up to:	300% of Poverty Level Patient pays 60% Earnings up to:
1	\$19,140.00	\$25,520.00	\$31,900.00	\$38,280.00
2	\$25,860.00	\$34,480.00	\$43,100.00	\$51,720.00
3	\$32,580.00	\$43,440.00	\$54,300.00	\$65,160.00
4	\$39,300.00	\$52,400.00	\$65,500.00	\$78,600.00
5	\$46,020.00	\$61,360.00	\$76,700.00	\$92,040.00
6	\$52,740.00	\$70,320.00	\$87,900.00	\$105,480.00
7	\$59,460.00	\$79,280.00	\$99,100.00	\$118,920.00
8	\$66,180.00	\$88,240.00	\$110,300.00	\$132,360.00

**2020 FEDERAL POVERTY GUIDELINE INCREASES BY \$4,480 FOR EACH ADDITIONAL FAMILY MEMBER**

Revised Effective 1/15/2020

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**Appendix C**

***List of Providers eligible under Grace Cottage's Reduced Fee / Free Care Policy for  
services rendered at Grace Cottage only.***

**Provider Name:**

Kimona Alin, MD  
Eileen Arama, LICSW  
Ewa Arnold, MD

Anne Brewer, MD  
Summer Burch, NP  
Natalie Harding, PA-C  
Theodore Lefer, MD  
Elizabeth Linder, MD  
Moss Linder, MD  
David McCormack, APRN  
James Picone, PA

Gregory Raines, PA-C  
Linda Rimkunos, MD  
Andrew Semegram, APRN  
Timothy Shafer, MD  
Rachel Spengler, PA  
George Terwilliger, MD  
Ronald Vallario, MD  
Eden Vinyarszky, NP  
VRAD Teloradiology Group  
Benjamin Wright, APRN

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Appendix D

Entities, Third Parties, and/or Providers **not** covered by Reduced Fee/Free Care at Grace Cottage

Messenger Valley Pharmacy  
 Rescue Inc. Ambulance Service  
 Kerr Ambulance  
 Golden Cross Ambulance  
 DHART- Emergency Transport Services  
 Fletcher Allen Healthcare  
 State of Vermont  
 David Liebow, DPM NPI #1245220615  
 BLA PARTNERS LLC  
 Orthocare