

AHA Policies & Guidelines

on Billing, Collections, Tax-Exempt Status, and Community Health

The American Hospital Association and America's hospitals are committed to doing everything we can to better serve patients and to treat them equitably, with dignity, compassion, and respect from the bedside to the billing office. This document is a consolidation of existing AHA policies and guidelines covering billing, collections, tax-exempt status, and promotion of community health.

Hospitals exist to serve. Their ability to serve well requires a relationship with their communities built on trust and compassion. Hospitals and the communities they serve share responsibility in determining what services communities most need. Every day, hospitals across the country work to meet their unique community needs while keeping the hospital doors open 24-7, 365 days a year.

America's hospitals are united in providing care based on the following principles:

- ◆ Treat all patients equitably and with dignity, respect, and compassion.
- ◆ Serve the emergency health care needs of everyone, regardless of ability to pay.
- ◆ Assist patients who cannot pay for part or all of the care they receive.

Many states have requirements that may dictate hospital policies or reporting and many state, regional, and metropolitan hospital associations have provided specific guidance to help hospitals navigate state requirements. This AHA resource is not intended to replace those materials. Instead, these policies and guidelines work as a supplement to further strengthen community hospital relationships and to reassure patients, regardless of their ability to pay, of hospitals' commitment to caring.



Providing Financial Assistance for the Uninsured of Limited Means

- ◆ Financial assistance and counseling should be provided to uninsured people of limited means, without regard to race, ethnicity, gender, religion, or national origin.
- ◆ Financial assistance provided by hospitals to uninsured people of limited means should in no way substitute for state efforts to provide or expand coverage to the uninsured. State Medicaid programs should be required, at a minimum, to sustain a “maintenance of effort,” keeping programs’ eligibility at least at their current levels. Further, state Medicaid programs also should be required to expand coverage to all individuals at or below the poverty level. Until that time:
 - ❖ Hospitals should have policies to provide services to uninsured patients below 100% of the federal poverty level at no charge. Existing clinical and geographical criteria used by hospitals to determine eligibility for certain services would apply.
- ◆ Financial assistance should be provided to all uninsured patients between 100% and 200% of the poverty level by asking them (based on a hospital’s choice) to pay no more than:
 - ❖ A price paid to the hospital under contract by a public or private insurer; or
 - ❖ 125% of the Medicare rate for applicable services, given that in the aggregate today, Medicare pays less than the cost of care.

For these patients, hospitals may choose to charge on a sliding scale up to the stated limits. Hospitals also may choose to provide greater assistance.

- ◆ Financial assistance may be offered to uninsured patients with incomes in excess of 200% of the federal poverty level at the discretion of the hospital.
- ◆ Hospital financial assistance/discounting policies should clearly state the eligibility criteria, amount of discount, and payment plan options.
- ◆ Hospital financial assistance is contingent upon the cooperation of a patient in providing the information necessary for a hospital to qualify that patient for its programs of assistance or for public or other coverage or assistance that may be available. Patients receiving financial assistance from hospitals have a responsibility to pay according to the terms of that policy.



- ◆ Cosmetic surgery and other non-medically necessary services are exempt.
- ◆ Hospitals should provide the training and oversight necessary to ensure that financial assistance policies are applied accurately and consistently, recognizing that hospitals need the flexibility to extend assistance to patients who may not fit within their policy but need assistance due to special circumstances.

Communicating Charity Care and Financial Assistance Policies

- ◆ Hospitals should make information available to the public on hospital-based charity care and financial assistance policies.
- ◆ Hospitals should communicate this information to patients in a way that is easy to understand, culturally appropriate, and in the most prevalent languages used in their communities.
- ◆ Hospitals should have understandable, written policies to help patients determine if they qualify for public assistance programs or hospital-based assistance programs.
- ◆ Hospitals should share these policies with appropriate community health and human services agencies and other organizations that assist people in need.

Helping Patients Qualify for Financial Assistance

- ◆ Hospitals should provide financial counseling to patients about their hospital bills, the hospital's financial programs, and public or other assistance programs.
- ◆ Hospitals should make the availability of financial counseling for patients widely known.
- ◆ Hospitals should respond promptly to patients' questions about their bills and to requests for financial assistance.

Ensuring Fair and Transparent Billing and Collection Practices

- ◆ Hospitals should use a billing process that is clear, concise, correct, and patient-friendly.
- ◆ Hospitals should make available for review by the public specific information in a meaningful format about what they charge for services. Charge information should be made available in different languages and in different forms consistent with the diversity of the hospital's community.
- ◆ Hospitals should have staff readily available to explain how and why the price of a patient's care can vary.
- ◆ Hospitals should work to create common definitions and explanations of complex pricing information, including working toward and using innovative and understandable ways for displaying pricing information for use by consumers.¹
- ◆ Hospitals should ensure that staff members who work closely with patients (including those working in patient registration and admitting, financial assistance, customer service, billing and collections, as well as nurses, social workers, hospital receptionists, and others) are educated about hospital billing, financial assistance, and collection policies and practices.
- ◆ Hospitals should ensure that patient accounts are pursued fairly and consistently, reflecting the public's high expectations of hospitals.
- ◆ Hospitals should implement written policies about when and under whose authority patient debt is advanced for collection and when and under whose authority a lien can be placed on a patient's primary residence.
- ◆ Hospitals should define the standards and scope of practices to be used by outside collections agencies acting on their behalf and should obtain from such agencies agreement to these standards in writing, including written assurances of compliance with the *Fair Debt Collections Practices Act* and the ACA International's (ACA International: The Association of Credit and Collection Professionals) Code of Ethics and Professional Responsibility.

¹ For more information or assistance, visit www.patientfriendlybilling.org – a Healthcare Financial Management Association initiative supported by the AHA and others to promote clear, concise, and correct patient-friendly financial communications.



Promoting Community Health

- ◆ Hospitals' commitment to community health as reflected in its mission, values, and goals should be understood and applied by everyone throughout the organization.
- ◆ Hospitals should understand their communities' unique health needs and work with others in the community to meet those needs.
- ◆ Hospitals should periodically conduct a community needs assessment and assign responsibility for the hospital's community benefit plan to a hospital employee.
- ◆ Hospitals should have ongoing processes for planning and monitoring how their commitment to community health is met through services and programs for the community.
- ◆ Hospitals should develop and make readily available to the public a comprehensive inventory of all the community programs and services offered, including specialty services, extended care, and programs that address social and basic needs, access, coverage, and quality of life.
- ◆ Hospitals should understand and publicly communicate the impact of their programs and services on their communities.

Reporting Community Benefit (applies to non-government, tax-exempt hospitals)²

- ◆ Hospitals should voluntarily, publicly, and proactively report to their communities on the full value of benefit a hospital provides.
- ◆ Hospitals' community benefit reports should be easy to locate on their Web sites and/or at their offices.
- ◆ In addition, IRS Form 990 filings should be posted on hospitals' Web sites. When finalized, hospitals should use Schedule H of the IRS Form 990 to inform their community, as fully as the schedule will permit, about the entire range of benefits they provide, including those that are not easily quantifiable. In addition, if the IRS' revised forms permit, hospitals should attach or include a Web link to their community benefit reports.
- ◆ Hospitals should increase their financial accountability by:
 - ❖ Having the highest ranking officer of the hospital or the CFO sign the Form 990; and
 - ❖ Prohibiting loans to board members or executives.

2 The IRS is revising the reporting forms for tax-exempt organizations. This section will be revised, consistent with the new reporting requirements, when those forms are finalized.