

AMERICAN HOSPITAL ASSOCIATION

Approved
Board of Trustees
April 29, 2006

BILLING, COLLECTION AND TAX-EXEMPT STATUS

Following are a set of hospital financial assistance and tax-exemption policies and procedures that build on AHA's existing *Hospital Billing and Collection Practices Statement of Principles and Guidelines*. Together, they represent AHA's strong statement of expectation – a more detailed direction in which the hospital and health system field can and should move on its own to address issues of billing, collection, increased accountability and tax-exempt status. Some of these elements may be appropriate for legislation. These policies and procedures outline what hospitals can and should do, from this day forward, to make sure we are doing everything we can to better serve patients and to treat them equitably, with dignity, compassion and respect.

INCREASED FINANCIAL ASSISTANCE FOR THE UNINSURED OF LIMITED MEANS

(Applies to all hospitals)

- Provide financial assistance and counseling for 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.
- Provide financial assistance to all uninsured patients between 100% and 200% of the federal 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.
- May offer financial assistance to uninsured patients with incomes in excess of 200% of the federal poverty level at the discretion of the hospital.

- 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 shall have a responsibility to pay according to the terms of that policy.
- Cosmetic surgery and other non-medically necessary services are exempt.
- Make information about a hospital's financial assistance policy easily available to the public.
- Hospitals that have financial assistance policies that meet or exceed those above shall have immunity from related class action lawsuits.

ENSURING FAIR DEBT COLLECTION PRACTICES

(Applies to all hospitals)

- If using outside debt collection organizations, obtain written assurances that that organization complies with the Fair Debt Collection Practices Act and the ACA International's Code of Ethics and Professional Responsibility.
- Have written policies as to when and under whose authority a patient account is advanced for collection. If a patient has completed a hospital's application for financial assistance, that account should not be advanced for collection pending determination of eligibility.
- Have written policies as to when and under whose authority a lien can be placed on a patient's primary residence.

REPORTING COMMUNITY BENEFIT

(Applies to non-government, not-for-profit hospitals)

- Conduct a periodic community needs assessment, with a frequency to be determined by the hospital (can be done collaboratively with other community organizations).
- Assign responsibility for a community benefit plan to a hospital employee.
- Calculate community benefit for purposes of reporting using the Community Benefit Guidelines in CHA/VHA's *Community Benefit Reporting* document; when calculating community benefit for each category, however, hospitals should include direct and indirect costs of subsidized health care services, charity care, bad debt, and the unpaid costs of government-sponsored health care (including Medicaid, Medicare and public and/or indigent care programs).
- Report community benefit, as calculated above, as an attachment to the Form 990.

INCREASING FINANCIAL ACCOUNTABILITY
(Applies to non-government, not-for-profit hospitals)

- CEO, CFO or highest ranking officer sign-off on Form 990.
- Attach audited financial statements for the Form 990 for hospitals with \$1 million or more in annual revenues; for hospitals with revenues of \$250,000 to \$1 million, a required review of submitted financial statements by an independent public accountant. For health systems, allows for a single, system-wide audit to be performed.
- Prohibit loans to board members or executives.
- Disclosure on the Form 990 as to whether a hospital has a travel policy.
- Disclosure on the Form 990 as to whether a hospital has a conflict of interest policy.