

May 10, 2012

AHA BOARD UPDATES PRINCIPLES AND GUIDELINES ON HOSPITAL BILLING AND COLLECTION PRACTICES

AT A GLANCE

The Issue:

In November 2003, the AHA Board of Trustees approved a Statement of Principles and Guidelines on practices hospitals should follow for patient billing and collection. The field has embraced the guidance; for example, nearly all hospitals have written financial assistance policies and offer free care or reduced charges to patients who qualify for financial assistance.

Recently, the collections issue has again become a prominent topic. The press has reported on aggressive collection activities, focusing on specialized firms retained by hospitals. In addition, topics addressed in the guidelines were incorporated into the *Patient Protection and Affordable Care Act*, including a number of provisions that apply specifically to tax-exempt hospitals.

For these reasons, the AHA Board recently reviewed and updated these guidelines on billing and collection practices. America's hospitals are committed to doing everything possible to better serve patients and to treat them equitably, with dignity, compassion and respect from the bedside to the billing office. These guidelines reflect that commitment and demonstrate the shared partnership/responsibility between hospitals and patients to address billing issues in a timely, transparent and forthright manner.

Every hospital leader should be aware of these guidelines, familiar with their own internal policies and prepared to discuss them publicly. These guidelines also should be reviewed in concert with other federal and state requirements, including the *Emergency Medical Treatment and Labor Act*.

These policies and guidelines should serve as an important reminder for hospitals and work to further strengthen community/hospital relationships and to reassure patients, regardless of their ability to pay, of hospitals' commitment to caring.

What You Can Do:

- ✓ Review the attached updated guidelines, and discuss your organization's billing and collection policies and practices with your senior staff.
- ✓ Share and discuss these issues with your relevant departments, including admissions, finance and billing/collection, as well as patient advocates in your community.
- ✓ Share your organization's policies and procedures with your governing bodies.
- ✓ Identify a hospital spokesperson to take media requests about these issues. Be prepared to answer questions from the public and the media about your organization's financial assistance policies and billing and collection practices.
- ✓ Be prepared to share concrete examples of how your organization helps uninsured patients with public assistance and/or financial assistance programs.
- ✓ Be familiar with your organization's policies on financial assistance and bill collection, and how patients can learn about them.
- ✓ Make sure your financial assistance policies and procedures are posted and easy for patients to find on your website and within your hospital.
- ✓ If you use a third party to collect debts, require them to follow your organization's financial assistance policies and collection practices. Be aware of whether you've received any patient complaints about your policies or your collection agency.

Further Questions:

Attached are the updated guidelines. If you have any questions, please contact AHA's Melinda Hatton at mhatton@aha.org or (202) 626-2336 or Alicia Mitchell at amitchell@aha.org or (202) 626-2339.



**Hospital Billing
and Collection Practices
Statement of Principles and Guidelines
Approved by the AHA Board of Trustees
May 5, 2012**

The mission of each and every hospital in America is to serve the health care needs of people in their communities 24 hours a day, seven days a week. Their task, and the task of their medical staffs, is to care and to cure. America's hospitals are united in providing care based on the following principles:

- Treat all patients equitably, with dignity, with respect and with compassion.
- Serve the emergency health care needs of everyone, regardless of a patient's ability to pay for care.
- Assist patients who cannot pay for part or all of the care they receive.
- Balance needed financial assistance for some patients with broader fiscal responsibilities in order to keep hospitals' doors open for all who may need care in a community.

Hospitals' work is made more difficult by America's fragmented health care system ... a system that leaves millions of people unable to afford the health care services they need ... a system in which federal and state governments and some private insurers do not meet their responsibilities to cover the costs of caring for Medicare, Medicaid or privately insured patients ... a system in which payments do not recognize the unreimbursed services provided by hospitals ... a system in which a complex web of regulations prevents hospitals from doing even more to make care affordable for their patients. Today's fragmented health care system does not serve Americans well in many ways.

While most Americans have insurance coverage for their unexpected health care needs, nearly 50 million people do not. Some of these people can pay for the health care they may need, but America's hospitals treat millions of patients each year who can make only minimal payment, or no payment at all. Until there is adequate insurance coverage for all, America's hospitals must find ways to both serve and survive.

The following guidelines outline how hospitals can better serve their patients. Hospitals have been following some of these guidelines for years as they work each day to find new ways to best meet their patients' needs. Those portions of the guidelines included under the Patient Protection and Affordable Care Act (ACA) and required for some hospitals are denoted as follows: (ACA provision). More information on the ACA requirements can be found on the IRS website at:

<http://www.irs.gov/charities/charitable/article/0,,id=236275,00.html>.

Guidelines

Helping Patients with Payment for Hospital Care

Communicating Effectively

- Hospitals should provide financial counseling to patients about their hospital bills and should make the availability of such counseling widely known.
- Hospitals should respond promptly to patients' questions about their bills and to requests for financial assistance.
- 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 items and services.

Helping Patients Qualify for Financial Assistance

Hospitals should have a written financial assistance policy that includes eligibility criteria, the basis for calculating charges and the method for applying financial assistance. (ACA provision)

- 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 widely publicize, e.g, post on the premises and on the website and/or distribute directly to patients, these policies and share them with appropriate community health and human services agencies and other organizations that assist people in need. (ACA provision)

Ensuring Hospital Policies are Applied Accurately and Consistently

- Hospitals should ensure that all financial assistance policies are applied consistently.
- 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.

Making Care More Affordable for Patients who Qualify for Financial Assistance

- Hospitals should review all current charges and ensure that charges for services and procedures are reasonably related to both the cost of the service and to meeting all of the community's health care needs, including providing the necessary subsidies to maintain essential public services.
- Hospitals should have policies to limit charges for emergency and other medically necessary care for those who qualify for financial assistance to no more than the amounts generally billed to individuals who have insurance covering such care. (ACA provision)

Ensuring Fair Billing and Collection Practices

- Hospitals should ensure that patient accounts are pursued fairly and consistently, reflecting the public's high expectations of hospitals.
- Hospitals should have a written collections policy that includes the actions that may be taken in the event of nonpayment and ensures that reasonable efforts are made to determine whether an individual is eligible for financial assistance before undertaking significant collections actions (ACA provision)
- Hospitals should define the standards and scope of practices to be used by outside collection agencies acting on their behalf, and should obtain adherence to these standards in writing from such agencies.

Hospitals in some states may need to modify the use of these guidelines to comply with state laws and regulations.

Hospitals exist to serve. Their ability to serve well requires a relationship with their communities built on trust and compassion. These guidelines are intended to strengthen that relationship and to reassure patients, regardless of their ability to pay, of hospitals' commitment to caring.