



Ensuring Access for the Uninsured and Underinsured

Advocate Health Care

Oak Brook, Illinois

In April 2003, Advocate Health Care implemented a new program to expand its charity care and financial assistance programs.

Advocate Health Care, Oak Brook, Illinois, is the largest not-for-profit integrated health care delivery network in the Chicago metropolitan area. Formed in 1995, the organization has served the community for over 100 years through its founding predecessors, the churches of the Evangelical Lutheran Church in America and the United Church of Christ. Advocate Health Care has eight hospitals, including three teaching hospitals, with a total of 3,500 beds. The organization has approximately 25,000 employees.

Scope of the Challenge

Illinois has the fifth highest uninsured rate in the nation, with approximately 1.8 million Illinois residents without health insurance. Approximately 29.2 percent of Illinois' non-elderly residents are uninsured. Although Advocate has had a charity care program in place since its inception in 1995, the organization is always looking for ways to improve its policies and practices to better meet the needs of the communities it serves. An increase in the number of uninsured patients, the changing economy, and recent national attention focused on the uninsured and underinsured population were several factors considered when Advocate most recently reviewed and expanded its program in April 2003.

As part of the review and revision of its charity care policies, Advocate Health Care recognized strong public relations and promotion about Advocate's responsive, responsible, industry-leading charity care policies, and their connection to Advocate's mission, vision and philosophy. They also recognized the need for Advocate to improve its employee education about the program to ensure patient and consumer questions are answered uniformly and appropriately.

Major Initiatives

Advocate regularly reviews its policies and procedures to ensure that they are aligned with its mission, vision and philosophy. The organization determined during the review process that it could better meet the needs of its patients by restructuring its charity care and debt collection policies. A newly designed program, effective April 2003, offers charity care and financial assistance to a significantly greater population, and assists uninsured patients with applications to federal assistance programs as well as the hospital's own charity care program. The revamped program's commitment to providing assistance to the uninsured and underinsured is a direct manifestation of Advocate Health Care's commitment to the values of compassion and stewardship, and in its identity as a socially responsible organization.

Promotion of the Program. Promotion of the program is accomplished through several methods. Signs are posted in prominent locations, including all access, registration, emergency department, and cashier locations. The signs are posted in all languages spoken by five percent or more of Advocate hospital's local service area population, which currently includes English and Spanish. The patient consent form includes a notification that financial counseling services are available to all patients who experience difficulty paying their bill, and that charity care consideration may be available to them. In addition, at registration all self-pay patients receive a brochure describing patient billing rights and responsibilities, Advocate's billing and collections procedures, and information about who to contact for financial assistance and charity care consideration. The brochure is printed in multiple languages and is available in all access, registration, emergency department, and cashier areas. The brochure is also used by switchboard operators to ensure patients calling the main number are directed to the correct location. Lastly, all self-pay patient billing statements contain a message notifying them that financial counseling services are available to all patients who experience difficulty paying their bill, and that charity care consideration may be available to them.

Identifying Charity Care Patients. Potential charity care patients are proactively identified during the registration process. When a patient is identified as self-pay, the patient is asked to pay a deposit prior to scheduling or receipt of elective and non-emergency services. If the patient is unable to pay the deposit, he or she is asked to pay a minimum of 50 percent of his estimated self-pay portion. If the patient cannot pay this portion, he or she is then referred to a financial counselor to discuss treatment and payment options, including consideration for charity assistance. A patient may discuss charity options with a financial counselor by initiating the contact themselves, or through referral by a family member, physician, or employee. Referral to the charity care and financial assistance program may be initiated at the time the service is rendered or following treatment.

Interaction With a Financial Counselor. When a patient meets with a financial counselor, the person's individual situation is assessed. The counselor begins by identifying governmental or community assistance programs for which the patient may be eligible, including Medicare, Medicaid, KidCare, and the Illinois Crime Victims Fund. If the patient is eligible for any of these programs, the financial counselor assists them in completing the application form. Required application information that the patient does not have available at that time may be provided to the counselor following the appointment, and the counselor will then submit the application. Once the application has been submitted, the counselor serves as an advocate on the patient's behalf to expedite the process approval for the program. Many issues are minor and need follow-up from an individual knowledgeable about the process, such as addressing incomplete application forms or updating incorrect contact information.

If a patient is not eligible for governmental assistance, the financial counselor determines eligibility for Advocate's charity care assistance program. Individuals with income up to 400 percent of the Federal Poverty Level (FPL) are eligible; lower income individuals receive 100 percent financial assistance, and higher income individuals receive a percentage discount from billed services.

Advocate's charity care requirements are unique. Each individual's medical and other extraordinary expenses are assessed after accounting for the patient's bill. For example, if an

individual earned \$90,000 per year, he would not be eligible for financial assistance. However, if the patient's bill was \$30,000, his eligible income would be \$60,000 (\$90,000 minus \$30,000), making him eligible for financial assistance. In addition, Advocate's charity care policy makes no distinction between uninsured and underinsured patients. Both uninsured and underinsured patients may apply for assistance, whether it is for the entire bill or a high co-pay or deductible.

Patient Notification. After a patient applies for Advocate's charity care program, a financial counselor provides the patient with an estimate of how soon he will receive a response. If the patient is approved, a patient financial services associate contacts the patient and notifies him of the decision, the amount of charity care granted, and the amount that is payable by the patient. A letter identifying the amount owed by the patient follows the telephone notification. If the patient is not approved, a patient financial services associate calls the patient to discuss the decision and develop a payment plan for the balance owed. Following the telephone call, a letter is issued that confirms the decision and provides contact information for further questions and bill payment options. A patient can schedule an interest-free payment plan for up to a five-year period.

Charity Care Budget Development. Due to Advocate's large size, each care site has its own Charity Care Committee. The Committee works with the hospital's leadership to establish an appropriate charity care budget. An annual budget is identified for emergency care, urgent care, and elective care services at each location. The Committee develops guidelines that manages elective charity care write-offs to the budget, and also oversees the charity care process. In addition, the Committee approves a list of local health care providers to be used for referral of uninsured individuals. This list includes providers such as governmental hospitals and clinics as well as other local clinics. The Charity Care Committee is comprised of hospital employees, and at least one community member.

Patient Billing. In addition to the organization's charity care and financial assistance program, Advocate uses standardized patient bills and statements throughout all of its hospitals. Statements are mailed on the same schedule to self-pay patients. In addition to regularly scheduled statements, all self-pay patients receive a summary statement as soon as possible after discharge. An itemized bill is mailed upon request. All bills and statements provide a telephone number for patients to speak to a financial counselor about financial assistance and charity care options. The message is stated at the bottom of each bill and statement in English and Spanish, and the phone system menu is also available in English and Spanish.

Employee Education. All Advocate financial counselors are trained in Advocate's charity care policy and revenue cycle guidelines, as well as other areas of responsibility necessary. Each financial counselor is provided with detailed training about how to walk a patient through the application process, and how an individual is considered for each governmental program as well as Advocate's charity care and financial assistance. In addition, frontline employees undergo a one-hour, system-wide education module about Advocate's commitment to patients in need of assistance. The goal of the education program is to share patient financial services information with frontline staff to equip them with the skills, resources, and tools available to effectively address customer questions and concerns. Focus is placed on increasing awareness of Advocate's charity care commitment, guidelines and processes to ensure that frontline staff

understand Advocate's commitment to providing financial assistance to patients in need, and to ensure that employees consistently communicate this commitment to patients and consumers.

Results of the Initiative

The need for an increased focus on charity care and financial assistance is clear. Advocate's charity care program provided \$38.7 million in 2002 and \$55.9 million of charity assistance in 2003, based on gross charges. The organization's budget for uncompensated care increased from \$184 million to \$220 million during the same time period, while the actual amounts attributed to uncollectible accounts (bad debt) decreased, from \$140 million in 2002 to \$129 million in 2003.

Advice to Other Organizations

It is important to base charity care policies and procedures on the mission, vision and values of the organization. If policies and procedures are in place, they should be regularly evaluated to ensure that they are enabling the organization to live its mission to the fullest extent possible. In addition, financial ability plays a significant role in each hospital's charity care and financial assistance program. Although a hospital may have the desire to provide extended assistance, this can only be done if resources exist to enable the hospital to provide consistent, high quality services to all patients.

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