

Hospital Financial Assistance Policies: A Quick Reference Guide



The Affordable Care Act includes new requirements about financial assistance, billing and collections for hospitals that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Recent federal regulations further spell out what these non-profit hospitals must do this year to bring their policies into compliance. This document highlights the key legal requirements and policy considerations for drafting or evaluating a hospital financial assistance policy. For more information, see [What Does the Affordable Care Act Say about Hospital Bills?](#) (Community Catalyst, June 2015).

Federal Requirements

Crafting the Financial Assistance Policy

- Does the hospital have a **written emergency care policy** affirming its commitment to providing patients with emergency medical care, regardless of their eligibility for financial assistance?
- Does the hospital have a **written financial assistance policy** (FAP)?
- Does the **FAP**:
 - State that it applies to all emergency and medically necessary care?
 - List all levels of financial assistance the hospital offers and the eligibility criteria for each level?
 - State how patients can apply for aid?
 - Describe how the hospital calculates charges to patients eligible for financial assistance?
 - Clarify that patients who are eligible for financial help may not be charged more than the “amounts generally billed” to an insured patient?
 - Describe any potential collection steps the hospital will take to collect on an overdue bill, with time frames and processes it will use (note: the hospital may have this in a separate billing and collections policy)?
 - List any third party sources the hospital uses to determine whether a patient is presumptively eligible for financial aid?
 - Include or link to a list of providers it covers and does not cover?
 - Give contact information for patients who need more assistance (can also be in the application form)?
 - Provide a complete list of the information and documentation patients need to provide throughout the application process (can also be in the application form)?

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- Does the hospital have a **written plain language summary** of the FAP?
 - Is the language used clear, concise, and easy to understand for the lay reader?
 - Does the summary list the core elements of the FAP (according to the regulations, these are: levels of financial help offered and eligibility criteria for each; how to apply; statement about charge limitations for patients who qualify for financial help)?
 - Does the summary include a direct URL to the website where the full FAP and application form can be found?
 - Does it include a physical location and phone number for the hospital office or department where patients can get more information about the FAP?
 - Does it direct patients to translated versions of the FAP, application form and summary?
- Does the hospital have a **written billing and collections policy** describing the actions, timeframes, and process it will use to collect an outstanding bill (note: hospitals can also choose to incorporate this into their FAP)?

Implementing the Policy

- Have the policies listed above (the FAP, emergency care policy, and billing and collections policy) been **formally approved and adopted by hospital leadership**?
- Have any **contracts with third-party billing and collections agencies or debt buyers** been amended and/or drafted to stipulate compliance with the federal regulations?
- Have the policies been **fully implemented**—that is, have they been consistently administered and carried out by hospital staff and any third parties the hospital has engaged to do billing and collections work?

Informing Patients and the Public

- Have the policies been **effectively communicated** to the hospital's patients and the broader community?
 - Are the FAP, application form, and plain language summary freely available and easy for patients and community members to find online?
 - Are hard copies of the FAP, application form, and plain language summary available for **free upon request, by mail, and in public locations** where patients have easy access (at a minimum, in the emergency room and admissions office)?
 - Has the hospital identified and successfully implemented ways to **reach out to community members most likely to need financial assistance**, so that they are aware of the FAP (will vary by community)?
 - Is the **hospital making patients aware** of the FAP?
 - Are patients offered a plain language summary at **intake or discharge**?
 - Do **billing statements** include a conspicuous written notice about the FAP with contact information and a direct URL link for more information?
 - Is the hospital **advertising the FAP** through conspicuous public displays that attract patient attention in the ER and admissions areas?
- Has the hospital **assessed the language needs of its community and translated FAP materials**—the policy, application form, and plain language summary--accordingly? (Threshold: per the IRS, materials must be translated for the primary languages of five percent of the community served or 1,000 people, whichever is lower.)

Other Considerations

- Do **state or local laws** also apply? (Good sources include The Hilltop Institute's [Community Benefit State Law Profiles Comparison](#) and Community Catalyst's [Free Care Compendium](#).)
- Has the hospital's **community health needs assessment (CHNA)** been structured to identify financial barrier to medical care in the hospital's community? Are the CHNA findings—or other **data demonstrating community need for financial assistance**—being routinely used to inform the hospital's financial assistance, billing and collections policies?
- Has the hospital built **meaningful relationships with community partners** who can advise or assist the hospital in developing fair financial assistance and billing practices, including outreach strategies, that are appropriate to meet the needs of the communities the hospital serves? (Examples include faith-based organizations, community service organizations, community centers, immigrant organizations, health care policy advocates, legal service attorneys, credit counselors, asset-building organizations, and others with established connections to the hospital's community.)
- Has the hospital used its **contracting or credentialing authority** to extend the protections of its financial assistance, billing and collections policies to other medical providers with hospital privileges, who are neither employees nor under the hospital's control?
- Has the hospital incorporated routine staff training and education, internal monitoring protocols, and other **quality measures** to ensure effective implementation of these policies?
- Do the hospital's policies include **additional elements** designed to promote transparency and fair patient billing practices, beyond what the law requires? For example:
 - Financial assistance is available for uninsured, underinsured, and medically indigent patients who cannot afford to pay for care
 - Patients who do not qualify for financial assistance but are still low- or moderate-income, *e.g.*, under 500 percent of the Federal Poverty Level (FPL), are charged no more than the amounts generally billed to insured patients
 - The application process is not overly burdensome and does not create a barrier for vulnerable patients. For example, the application process allows patients to provide an affidavit stating income and assets in lieu of providing other documentation; the application process does not require patients to provide social security numbers
 - The FAP includes an appeals process
 - Patients can set up no- or low-interest payment plans for any remaining balance not covered by the FAP
 - The hospital does not use extraordinary collection actions for patients who qualify for financial assistance and means-tested public programs, such as Medicaid