

## COMMONSPIRIT HEALTH ADMINISTRATIVE PROCEDURE

**SUBJECT:** Financial Assistance Asset Testing

National/System Offices       Acute Care Facilities       Non-Acute Care Facilities

### ASSOCIATED DOCUMENTS:

Financial Assistance-Washington Addendum Finance G-003A-3

### AFFECTED AREAS OR DEPARTMENTS

Revenue Cycle Management (Patient Access, Financial Counseling, Medicaid Eligibility)

### PROCEDURE OR PROCESS:

If a hospital considers the existence, availability, and value of assets in order to reduce the Financial Assistance or charity care discount extended under Financial Assistance-Washington Addendum Finance G-003A-3, it must establish and make publicly available a policy on asset considerations and corresponding discount reductions. A hospital may only consider the assets of a patient whose income is more than 300% of the FPL. If a hospital considers assets, the following types of assets shall be excluded from consideration:

Exclude:

1. The first \$5,000 of monetary assets for an individual or \$8,000 of monetary assets for a family of two, plus an additional \$1,500 of monetary assets for each additional family member. The value of any asset that has a penalty for early withdrawal shall be the value of the assets after the penalty has been paid;
2. Any equity in a primary residence;
3. Retirement plans other than 401(k) plans;
4. One motor vehicle and a second motor vehicle if it is necessary for employment or medical purposes;
5. Any prepaid burial contract or burial plot; and
6. Any life insurance policy with a face value of \$10,000 or less.

In considering assets, a hospital may not impose procedures which place an unreasonable burden on the responsible party. Information requests from the hospital to the responsible party for the verification of assets shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship and may not be used to discourage application for such sponsorship. Only those facts relevant to eligibility may be verified and duplicate forms of verification may not be demanded.

In considering monetary assets, one current account statement shall be considered sufficient for a hospital to verify a patient's assets. In the event that no documentation for an asset is available, a hospital shall rely upon a written and signed statement from the responsible party.

Asset information obtained by the hospital will only be used in evaluating a patient for charity care eligibility and shall not be used for collection activities. Monetary assets are used for the purpose of determining overall income and the appropriate FPL level to be applied under the Financial Assistance-Washington Addendum Finance G-003A-3.

**Example #1:**

- 1) Patient/Guarantor Income is \$80,000
- 2) Patient/Guarantor Family size is 4
- 3) Balance owed \$5000

FPL: 0-300% Discount would be 100%  
 Outcome: Patient would qualify for 100% charity discount  
 Patient Balance reduced from \$5000 to \$0

**Example #2:**

- 1) Patient/Guarantor Income is \$100,000
- 2) Patient/Guarantor Family size is 4
- 3) Monetary Asset Adjustment (Disallow Excluded items) - \$8,000 (family of two) plus an additional \$3,000 (\$1500 for each additional family member) total monetary asset exclusion \$11,000)
- 4) Savings account of \$15,000
- 5) Balance owed \$10,000

\$100,000  
 +\$15,000 (Savings)  
 -\$11,000 (Asset adjustment)  
 = \$104,000 (Modified Income for determination)

FPL: 351-400% Discount of 50% (WA State Discount)  
 Outcome: Patient would qualify for 50% charity discount  
 Patient Balance reduced from \$10,000 to \$5,000

**Example #3:**

- 1) Patient/Guarantor Income is \$40,000
- 2) Patient/Guarantor Family size is 1
- 3) Monetary Asset Adjustment (Disallow Excluded items)- \$5,000
- 4) Savings account of \$5,000
- 5) Investment funds \$5,000 with 10% penalty early withdrawal
- 6) Patient uninsured with a balance of \$10,000

Total resources-  
 \$40,000 (income)  
 + \$5,000 (savings)  
 +\$4500 (Investment funds minus penalty)

= \$49,500  
- \$5000 (Asset adjustment)  
=\$44,500 (Modified Income for determination)

FPL: 301-350% Discount of 75% (WA State Discount)  
Outcome: Patient would qualify for 75% charity discount  
Patient Balance reduced from \$10,000 to \$7,500

## DEFINITIONS:

**Family Income** is determined consistent with the IRS definition of Modified Adjusted Gross Income for the applicant and all members of the applicant's Family. In determining eligibility, CommonSpirit Hospital Organization may consider the 'monetary assets' of the patient's Family. However, for purposes of this determination, monetary assets will not include retirement or deferred compensation plans.

**Federal Poverty Level Guidelines (FPL)** are updated annually in the Federal Register by the United States Department of Health and Human Services under the authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current guidelines can be referenced at <http://aspe.hhs.gov/poverty-guidelines>.

**Amounts Generally Billed (AGB)** means the maximum charge a patient who is eligible for Financial Assistance under this Financial Assistance Policy is personally responsible for paying, after all deductions and discounts (including discounts available under this Policy) have been applied and less any amounts reimbursed by insurers. No patient eligible for Financial Assistance will be charged more than the AGB for EMCare provided to the patient. CommonSpirit calculates the AGB on a Facility-by-Facility basis using the "lookback" method by multiplying the "Gross Charges" for any EMCare that it provides by AGB percentages, which are based upon past claims allowed under Medicare and private insurance as set forth in federal law. "Gross Charges" for these purposes means the amount listed on each Hospital Facility's chargemaster for each EMCare service.

**REFERENCES:** Washington State House Bill 1616