

# Phoenix Children's Hospital

**Scope: Organization Wide**

**Revenue Cycle**

## Financial Assistance Policy

Effective Date: December 2003

Updated 06/07, 02/08, 5/09, 9/10, 12/10, 4/13, 1/14, 2/15, 12/15, 2/16, 12/16, 2/17, 7/17, 8/17, 03/18, 4/19, 4/20, 10/20, 4/21

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### RELATED FORM(S)

1. Financial Assistance Application
2. Financial Assistance Policy Plain Language
3. Financial Assistance Policy Provider List

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### RELATED POLICIES

N/A

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### REASON FOR POLICY

PCH/PCMG/PCP is committed to providing Financial Assistance to persons who have health care needs and are uninsured, underinsured, ineligible for a government program and otherwise unable to pay, for Medically Necessary care based on their individual financial situation. Consistent with its mission to deliver compassionate, high quality, affordable health care services and to advocate for those who are poor and disenfranchised, PCH/PCMG/PCP strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care.

Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to health care services, for their overall personal health and protection of their individual assets. PCH/PCMG/PCP has a Financial Assistance Policy with a sliding scale that addresses levels of financial support available for people who are uninsured or underinsured, based on family income, federal poverty level guidelines and availability/non-availability of payer resources.

PCH/PCMG/PCP financial assistance goal is to identify a payer source for a patient. This could include, but is not limited to: parents' employer-based coverage, the Affordable Care Act market place plans, AHCCCS, Medicare/SSI, FES (Federal Emergency Services – provided through AHCCCS), ICE (immigration and Customs Enforcement) or Section 1011 (Emergency Health Services Furnished to Undocumented Aliens).

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Financial Assistance is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with PCH/PCMG/PCP procedures for obtaining Financial Assistance and to contribute to the cost of their care based on their individual ability to pay.

1. This written policy describes:
  - a. the eligibility criteria for Financial Assistance;
  - b. the basis for calculating amounts charged to patients eligible for Financial Assistance;
  - c. the method by which patients may apply for Financial Assistance;
  - d. the method the hospital will use to widely publicize the policy within the community served by the hospital; and
  - e. The calculation the hospital will use to determine the amounts charged for emergency or other Medically Necessary care provided to individuals eligible for Financial Assistance based on the amount generally billed by the hospital to commercially insured or Medicare patients.
  
2. The Financial Assistance procedures are designed to comply with:
  - a. AHCCCS patient eligibility requirements;
  - b. Applicable Medicare requirements;
  - c. Internal Revenue Service regulations relating to non-profit status and other Federal regulations;
  - d. State of Arizona regulations relating to non-profit status and other State regulations;
  - e. Commercial Insurance guidelines;
  - f. The Affordable Care Act; and
  - g. Arizona Pricing Transparency Law.
  - h. Coronavirus Aid, Relief and Economic Security Act (CARES Act)
  - i. Families First Covid Response Act (FFCRA)

## DEFINITIONS

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1. Amounts Generally Billed (AGB) Limits amounts charged for emergency and other medically necessary care provided to individuals eligible for Financial Assistance to be not more than generally billed to insured patients. PCH determines AGB by determining the average percentage of gross charges paid by commercial, AHCCCS and Medicare fee-for-service payers by dividing the sum of the amounts of all allowed claims during a 12-month period by the sum of the associated gross charges for those claims. The result is the AGB Percentage, and it will be applied to emergency and other medically necessary care over the next twelve-month period (May 1-Apr 30).
2. Balance Billing - Balance billing is a medical bill from a healthcare provider billing a patient for the difference between the total amount charged by the facility and the amount the non-contracted insurance plan allows.
3. Cost-Sharing-The share of costs allowed by a member's insurance that the member is responsible for paying. Generally, this includes copayments, deductibles and coinsurance, also known as member cost share.
4. Elective Care –Medical services that allow time to be scheduled.
5. Emergency medical conditions – As defined by EMTALA.
6. Family - Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage, or adoption. According to Internal Revenue Service rules, if the guarantor/responsible party claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of Financial Assistance.
7. Family Income - Family Income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines:
  - a. Earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources;
  - b. Noncash benefits (such as food stamps and housing subsidies) do not count;
  - c. Determined on a before-tax basis;
  - d. Excludes capital gains or losses; and
  - e. If a person lives with a Family, includes the income of all Family members (Non-relatives, such as housemates, do not count).
8. Federal Poverty Level (FPL) – A measure defined by the United States Department of Health and Human Services based on gross income and

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household size to indicate poverty threshold.

9. Gross charges - The total charges at PCH/PCMG/PCP's full established rates for the provision of patient care services before deductions from revenue are applied.
10. Medically Necessary - Services or items reasonable and necessary for the diagnosis or treatment of illness or injury as determined by PCH Clinical Administration.
11. Propensity to Pay – the likelihood the patient will pay PCH based on methodologies PCH working with its third-party vendors establishes to reasonably determine such likelihood.
12. Standard Sliding Scale - variable prices for services based on a patient's ability to pay.
13. Underinsured - The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.
14. Uninsured - The patient has no level of insurance or third-party assistance to assist with meeting his/her payment obligations.

## **POLICY STATEMENT**

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Financial Assistance is the “payer of last resort” for services provided by PCH/PCMG/PCP. For emergent or urgent patients, information regarding a guarantor/responsible party's inability to pay may not become fully known until after the services are provided. Therefore, the Financial Assistance evaluation may not be completed until the full facts of the needs of the patient are known.

The following healthcare services are eligible for Financial Assistance:

1. Emergency medical services provided in an emergency room setting;
2. Medically Necessary services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual; and
3. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting.

## **POLICY GUIDELINES**

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### **Eligibility Criteria and Amounts Charged to Patients.**

1. Eligibility for Financial Assistance - Eligibility for Financial Assistance will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care benefit program, and who are unable to pay for their care,

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based upon a determination of financial need in accordance with this Policy. If an uninsured or underinsured individual seeks a flat/self-pay pre-negotiated rate for services, he or she is not also eligible for financial assistance.

2. Financial need will be determined by calculating the Family Income. Proof of Family Income is met by providing two of the three following options: two most recent pay stubs, two most recent monthly statements for all bank statements, or most recent filed tax return. Annual income is determined by annualizing year to date Family Income.
3. After determining Family Income, PCH/PCMG/PCP shall calculate the Family Income level in comparison to the FPL, expressed as a percentage of the FPL. For example, if the federal poverty level for a family of three is \$20,000, and a patient's Family Income is \$60,000, the Hospital shall calculate the patient's Family Income to be 300% of the FPL. PCH/PCMG/PCP shall use this calculation during the application process to determine whether a patient meets the income criteria for Financial Assistance.
4. Services eligible under this Policy will be made available to eligible patients on a sliding scale attached hereto as Addendum 1, in accordance with financial need, as determined by FPL standards in effect at the time of the determination. Once a patient has been determined by PCH/PCMG/PCP to be eligible for Financial Assistance, that patient shall not receive future bills based on undiscounted Gross Charges. Charges for qualifying services to treat Emergency Medical Conditions or other Medically Necessary care provided to persons who are eligible for Financial Assistance under this Policy cannot exceed the AGB to individuals who have insurance coverage for such care. Currently AGB is 25.3% for PCH, 34.0% for PCMG, and 65.6% for PCP.
5. Determination of Presumed Financial Assistance- Presumed Financial Assistance will be determined based on best available information after all efforts to contact the patient or guarantor/responsible party to obtain financial information have been exhausted. Determination may be made during the collections process if efforts to collect information are exhausted at that time. Factors used to determine presumed Financial Assistance could include one or all of the following:
  - Financial Applications;
  - Out of Country addresses without proper Section 1011 documentation;
  - Inability to contact families by phone or mail (disconnected phones and returned mail);
  - The Propensity to Pay – likelihood to pay;
  - Non-qualifying event with AHCCCS denial;
  - Homeless patient or guarantor/responsible party;
  - Incarcerated patient or guarantor/responsible party; and

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- Medicaid accounts-Exhausted days/benefits/non-covered days; FES coverage.
6. Catastrophic Circumstances- If a patient has out of pocket expenses that total more than 25% of the patient's/family's Gross Income in any one year, PCH/PCMG/PCPC will work with them on a payment plan such that they will not be required to pay more than 25% of their Gross Income to PCH/PCMG/PCPC in that year.
  7. Professional Services Covered- Professional services provided by Non-Covered Providers on the Financial Assistance Policy Provider List on the Financial Assistance website are NOT covered under this Policy. Professional services provided by Covered Providers on the Financial Assistance Policy Provider List on the Financial Assistance website are covered under this Policy.

**Grounds for Denial of Financial Assistance.** Falsification of information or incomplete documentation from the patient or guarantor/responsible party is considered grounds for a denial of Financial Assistance. In cases where the patient is unable to provide documentation verifying income, PCH/PCMG/PCP may at its discretion verify the patient or guarantor/responsible party's income by having the patient or guarantor/responsible party sign a financial application attesting to the veracity of the information provided. In special instances, Financial Counselors/Patient Access Management may take a verbal verification from the patient for the financial evaluation.

**Method of Applying for Financial Assistance.** Patients or guarantor/responsible party will be encouraged to apply for Financial Assistance before, during, or within a reasonable time after care is provided.

1. Financial Assistance Application – Patients or guarantor/responsible party may apply for Financial Assistance at the Financial Counselor Offices or Customer Service Department either in person, via the PCH website, <http://www.phoenixchildrens.org/>, by phone at 602-933-2000 or 1-800-549-3743, or by mail, through a surrogate, through a family member or through another appropriate party. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and will:
  - a. Include an application process, in which the patient or the patient's guarantor is required to cooperate and supply personal, financial and other information and documentation relevant to making a determination of financial need;
  - b. Include the use of external publicly available data sources that provide information on a patient's or a patient's guarantor's ability to pay (Propensity to Pay);
  - c. Include reasonable efforts by PCH/PCMG/PCP to explore appropriate alternative sources of payment and coverage from public and private payment programs, and to assist patients to apply for such programs;
  - d. Take into account the patient or guarantor/responsible party available assets,

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and all other financial resources available to the patient; and

- e. Include a review of the patient or guarantor/responsible party outstanding accounts receivable for prior services rendered and the patient's or guarantor/responsible party payment history.
2. Request for Financial Assistance. For routine and non-emergent Medically Necessary services a request for Financial Assistance and a determination of financial needs to occur prior to rendering of services. However, the determination may be done at any point in the collection cycle. If a patient is non-compliant with providing required documentation, the appointment may result in being rescheduled.
3. The need for Financial Assistance shall be re-evaluated every 180 days for recurring patients and each subsequent time of service if the last financial evaluation was completed more than a year prior. Additionally, a review will be done at any time new information relevant to the eligibility of the patient for Financial Assistance becomes known.
4. Notification of Decision – PCH/PCMG/PCP will notify the patient within a reasonable period of time (usually 30 days) after receiving the patient's or guarantor/responsible party request for Financial Assistance. PCH/PCMG/PCP will also advise the patient of his or her responsibilities under this Policy.
5. Changed Circumstances - Patients or guarantor/responsible party may reapply for Financial Assistance if there is a change in their income, assets, or Family size responsibility. Excess payments made prior to determination of qualification for Financial Assistance may be refunded if the patient is later determined to qualify for Financial Assistance. In addition, the discount may be reversed if subsequent findings indicate the information relied upon was in error.

**Billing and Collections Process**- If Financial Assistance is denied, PCH/PCMG/PCP will follow the standard credit and collections process.

**Reasonable Inquiry**– PCH/PCMG/PCP will make reasonable efforts to determine whether an individual is eligible for Financial Assistance before referring the patient to a collection agency. PCH/PCMG/PCP will not pursue legal action for non-payment of bills against Financial Assistance patients/responsible parties who have clearly demonstrated that they have neither sufficient income nor assets to meet their financial obligations.

1. Collection Methods- PCH will not execute a lien by forcing the sale or foreclosure of a Financial Assistance patient or guarantor/responsible party primary residence to pay for an outstanding medical bill. PCH will not use body attachment to require the Financial Assistance patient or responsible party to appear in court. PCH may report Financial Assistance patients to credit rating agencies when they fail to honor their reduced payment plans and there is evidence that the Financial Assistance patient has sufficient income or assets to satisfy his or her obligation. The patient or guarantor/responsible party are responsible for communicating changes in income that may affect their ability to pay to PCH. PCH will ensure that the guidelines

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outlined above are followed by any external collection agency engaged to assist in obtaining payment on outstanding bills from Financial Assistance patients.

2. Collections from Third Party Payers - Nothing in this policy shall preclude PCH/PCMG/PCP from pursuing reimbursement from third party payers, third party liability settlements or other legally responsible third parties.

## Communication of Financial Assistance Policy

PCH will communicate the availability of Financial Assistance to all patients or guarantor/responsible party using languages that are appropriate for PCH's service areas, including, but not limited to the following methods:

1. Signage, information and brochures in appropriate areas of PCH;
2. Plain Language Summary, posted conspicuously in English and Spanish in Registration areas and provided to patients during the billing process;
3. Supplying Financial Counselors/Interpreters who are assigned to explain the Financial Assistance policy;
4. Notating patient statements with Financial Assistance availability and a phone number to call for information; and
5. Supplying information regarding the availability of Financial Assistance is also posted on PCH's website.

## KEY NOTES

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N/A

## REFERENCES

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N/A

<b>Policy Information/History:</b>	
<b>Manual/Folder Directory:</b>	
<b>Dates Created/Reviewed/Revised:</b>	Effective Date: December 2003 Updated 06/07, 02/08, 5/09, 9/10, 12/10, 4/13, 1/14, 2/15, 12/15, 2/16, 12/16, 2/17, 7/17, 8/17, 03/18, 4/19, 4/20, 10/20, 1/23
<b>Policy Owner:</b>	Glen Reiner, VP, Revenue Cycle
<b>Policy Approval:</b>	Karen Sanchez, Director, Family Finance Glen Reiner, VP, Revenue Cycle Dennis Bruns, EVP, CFO



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## ADDENDUM 1

### Financial Assistance Chart for Emergency or other Medically Necessary Care

Below is a matrix of the Financial Assistance write-off percentages based on gross charges available for the corresponding income levels (Federal Poverty Level – all states except Alaska and Hawaii). The FPL calculations below will be updated annually when the poverty guidelines are published by Health and Human Services in the Federal Register.

<b>Persons in Family</b>	<b>225% of FPL</b>	<b>400% of FPL</b>
<b>1</b>	\$ 32,805	\$58,320
<b>2</b>	\$ 44,370	\$ 78,880
<b>3</b>	\$ 55,935	\$ 99,440
<b>4</b>	\$ 67,500	\$ 120,000
<b>5</b>	\$ 79,065	\$ 140,560
<b>6</b>	\$ 90,630	\$ 161,120
<b>7</b>	\$ 102,195	\$ 181,680
<b>8</b>	\$ 113,760	\$ 202,240
<b>For each additional person add</b>	\$ 5,140	\$ 5,140

\* Source -<https://www.federalregister.gov/documents/2023/01/29/2023-00885/annual-update-of-the-hhs-poverty-guidelines>

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## Addendum 2

### **Financial Assistance for COVID and Presumed COVID care/treatment and COVID testing**

#### **Reason for Addendum**

The financial strain on many families, especially those whose children need care related to COVID or presumed COVID unprecedented.

PCH has been the recipient of governmental monies to support the organization and its families. PCH has determined that some of those monies will be utilized to provide financial support directly to these families in the form of forgiveness should they have cost-sharing and balance billing responsibilities.

#### **Guidelines**

PCH will follow regular billing practices as it relates to billing primary and secondary insurances. As per current policy and following current process, PCH will attempt to negotiate a Single Case Agreement for any patient who is receiving care and treatment for COVID or presumed COVID with Out-of-Network insurance plan. Regardless of the level of insurance payment received by PCH, families will not be balance-billed or billed for share of costs.

For COVID testing that is medically necessary, including pre-procedure COVID testing and all COVID testing related to care and treatment, PCH will not charge families any share of costs and will not balance bill. Insurance payment will be accepted as payment in full.

For COVID care and treatment of patients with COVID or presumed-COVID, PCH will not collect copayments, deductibles or coinsurance from families and will not balance bill. Insurance payment will be accepted as payment in full.

For uninsured patients with COVID-19 with a date of service after February 4, 2020, PCH will file for reimbursement through the Uninsured Relief Fund Payments program and will not balance bill families.