

Constantino, Mike

From: anne.murphy@hklaw.com
Sent: Thursday, August 18, 2011 4:39 PM
To: Constantino, Mike
Cc: jacobmaxel@msn.com
Subject: Resurrection/Provena Change of Ownership CON Applications: Draft Combined Charity Care Policy
Attachments: SummaryPolicy_NewCo_07202011.docx; Char Pol Side by Side RHC PH 72011.docx
Importance: High

Mike,

As promised, I attach the draft Hospital Financial Assistance/Charity Care Policy that will be implemented by the combined Resurrection/Provena Health System ("Combined Charity Care Policy"). I have also provided a helpful side-by-side chart showing the key features of each existing system's current charity care policy, as compared with the draft combined system policy ("Comparison Chart").

As noted in Attachment 19B to the thirteen hospital change of ownership CON permit applications, this Combined Charity Care Policy was developed by taking what are considered the best elements from each of the two current system policies. Consistent with Attachment 19B, representatives of Resurrection and Provena shared the Combined Charity Care Policy and the Comparison Chart with representatives of the Illinois Attorney General's Office. At a meeting on July 21, system representatives and Attorney General's Office representatives discussed the Combined Charity Care Policy and the Comparison Chart. At that meeting, the Combined Charity Care Policy was positively received by the Illinois Attorney General's Office, and no revisions to that policy document were suggested.

In accordance with Section 7.6 of the System Merger Agreement, the final Combined Charity Care Policy will be adopted prior to the Effective Date of the merger. The Combined Charity Care Policy will be implemented as quickly as possible after the Effective Date, upon development of more detailed written financial assistance and charity care protocols, along with related forms, brochures and patient notices; and after appropriate employee training.

Please let me know if you have any questions or concerns.

Best regards,

--Anne

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Purpose

This policy establishes guidelines for the provision of financial assistance to assist individuals in financial need and other medically underserved individuals to obtain appropriate medical services. Our policy is patient and family centered and appropriately identifies patients that are unable to pay for medically necessary services. It is also our goal to provide accessible and effective health services while maintaining our fiscal viability.

Efforts will be made to effectively communicate the availability of financial assistance to patients, families and the communities we serve.

Our hospital ministries will follow the Illinois Hospital Uninsured Patient Discount Act, the Illinois Fair Patient Billing Act, and section 501(r) of the Internal Revenue Code (instituted by the Patient Protection and Affordable Care Act).

Mission and Values Rationale

Our Mission and Values call us to serve those in need and maintain fiscal viability. All of NewCo hospitals have a long tradition of serving the poor, the needy, and all who require health care services. However, our Ministries alone cannot meet every community need. We will practice effective stewardship of resources in order to continue providing accessible and effective health care services.

Self Pay Discount

A self pay discount of 40% is provided to all uninsured patients without regard to income or ability to pay. It is applied to all self pay charges at time of billing. Patients receiving pre-negotiated discounts (package pricing) will not be eligible for the self pay discount. If a patient is subsequently approved for financial assistance the self pay discount is reversed and a charity allowance is applied.

Financial Assistance Discount

Financial assistance is available for uninsured patients who are Illinois residents with family income less than 600% of the Federal Poverty guidelines (FPG). The table below is utilized to determine the financial assistance discounts by tier for uninsured patients.

% of FPG	Discount	Cap
Up to 200%	100%	
201 - 300%	90%	25% of Income
301 - 400%	80%	25% of Income
401 - 600%	75%	25% of Income
Over 600%	Exception	25% of Income

Financial assistance in the form of 100% discount is also available for Insured patients who are Illinois residents with family gross income less than 200% of the Federal Poverty guidelines and after a \$300 threshold per encounter is collected. If an insured patient's coverage is exhausted, the patient will be considered uninsured for purposes of financial assistance and the self pay discount will also apply to that case.

Proposed Draft: New Hospital Financial Assistance/Charity Care Policy (as of 7/21/11)

The maximum amount collected in a 12-month period from an eligible patient is 25% of family's annual gross income.

A patient may apply for financial assistance at any time during the revenue cycle process. Discounts apply to medically necessary health care service. Medically necessary services are any inpatient or outpatient hospital service, including pharmaceuticals or supplies provided by a hospital to a patient, covered under Title XVIII of the federal Social Security Act for beneficiaries with the same clinical presentation as the uninsured patient.

An Illinois resident is defined as a person who lives in Illinois and who intends to remain living in Illinois indefinitely. Relocation to Illinois for the sole purpose of receiving health care benefits does not satisfy the residency requirement.

Presumptive Charity Eligibility Criteria

Patients are presumed to be eligible for a full (100%) financial assistance discount if they meet similar criteria for low income government or local programs including the following

- Participation in state funded prescription programs
- Participation in Women's Infants, and Children's Programs (WIC)
- Link Card (food stamps)
- Subsidized school lunch program
- Low income subsidized housing
- Patients qualifying for Free Care clinic
- Currently eligible for Medicaid (not eligible at time of service)
- Deceased with no estate
- Homeless
- Mentally or physically incapacitated with no one to act on their behalf

Once a patient qualifies for financial assistance, all of the patient's open or bad debt accounts will be considered charity.

Non-compliance with Application Process

For uninsured patients who fail to cooperate with the financial assistance application process, a review is completed to determine their ability to pay. Patients with the likelihood of having an inability to pay will be identified as charity and further collections will not be pursued.

Committee and Approval Structure

A Financial Assistance Committee consisting of local ministry leadership and staff including roles such as: CEO, CFO, VP Mission Services, Director of Care Management, Risk Manager, Legal (as needed) and CBO staff (or a similar combination of staff appropriate for that ministry) will review all requests for financial assistance that are considered as exceptions to the guidelines identified in the policy. They will also review a summary of charity provided each month.

Current State Assessment: Financial Assistance Policy - Hospitals

	Resurrection	Provena																																																
Significant Elements for Consideration																																																		
Self Pay Discount	25% Discount to all uninsured Patients	20% Discount to all uninsured Patients																																																
Residency/Eligibility Criteria	Cook County residents and any patient needing emergency care are eligible for Financial Assistance. IL residents are eligible for IHUPDA Discount	Illinois residents. Policy covers Illinois residents, exceptions granted with Financial Assistance (FA) committee approval.																																																
Financial Assistance/Charity Care	RHC's Financial Assistance discounts and the Illinois Hospital Uninsured Patient Discount Act (IHUPDA) are applied based on residency	Integrated into a single policy.																																																
Discounts/IHUPDA Policy	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>FPG</th> <th>Discount</th> <th>Cap (uninsured pts)</th> </tr> </thead> <tbody> <tr> <td>Up to 100%</td> <td>100%</td> <td></td> </tr> <tr> <td>101 – 200%</td> <td>80%</td> <td>10% of Income</td> </tr> <tr> <td>201 – 300%</td> <td>60%</td> <td>10% of Income</td> </tr> <tr> <td>301 – 400%</td> <td>40%</td> <td>10% of Income</td> </tr> <tr> <td>401 – 500%</td> <td>61-69% * (IHUPDA)</td> <td>15% of Income</td> </tr> <tr> <td>501 – 600%</td> <td>61-69% * (IHUPDA)</td> <td>15% of Income</td> </tr> <tr> <td>Over 600%</td> <td>n/a</td> <td>Case by Case based on patients financial situation</td> </tr> </tbody> </table>	FPG	Discount	Cap (uninsured pts)	Up to 100%	100%		101 – 200%	80%	10% of Income	201 – 300%	60%	10% of Income	301 – 400%	40%	10% of Income	401 – 500%	61-69% * (IHUPDA)	15% of Income	501 – 600%	61-69% * (IHUPDA)	15% of Income	Over 600%	n/a	Case by Case based on patients financial situation	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>FPG</th> <th>Discount</th> <th>Cap</th> </tr> </thead> <tbody> <tr> <td>Up to 100%</td> <td>100%</td> <td></td> </tr> <tr> <td>101 – 200%</td> <td>100%</td> <td></td> </tr> <tr> <td>201 – 300%</td> <td>90%</td> <td>25% of Income</td> </tr> <tr> <td>301 – 400%</td> <td>80%</td> <td>25% of Income</td> </tr> <tr> <td>401 – 500%</td> <td>75%</td> <td>25% of Income</td> </tr> <tr> <td>501 – 600%</td> <td>72% *</td> <td>25% of Income</td> </tr> <tr> <td>Over 600%</td> <td></td> <td>25% of Income (Catastrophic provision)</td> </tr> </tbody> </table>	FPG	Discount	Cap	Up to 100%	100%		101 – 200%	100%		201 – 300%	90%	25% of Income	301 – 400%	80%	25% of Income	401 – 500%	75%	25% of Income	501 – 600%	72% *	25% of Income	Over 600%		25% of Income (Catastrophic provision)
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Eligibility Criteria – Insured Patients	*IHUPDA discount is facility specific representing 135% of Medicare cost. Financial Assistance Policy allows discounts on case by case basis, generally follows uninsured discounts	*72% system wide based on maximum discount of a single PH facility Policy covers insured under catastrophic, exceptions granted with FA committee approval.																																																
Presumptive Approvals	Patients identified as homeless, deceased patients with no known estate and patients receiving general assistance are presumed to be Charity.	Uses state/locally funded programs for low income individuals as presumptive approval.																																																
Reclassification of Bad Debt to Charity for cases without FA applications (Non-Compliant)	Self Pay cases originating in the ED with no payment after 210 days are reviewed using a credit scoring tool to identify cases to be classified as Charity.	Self Pay accounts that can be supported with collection notes for inability to pay are presented to FA committee for approval.																																																
Reclassification of prior accounts once Charity Application is approved.	When patients granted FA, all open and bad debt cases are classified as charity.	When patients granted FA, all open and bad debt cases within the last 12 months are classified as charity.																																																
Approval Authority	Tiered approval levels with weekly reports to CFOs for review.	Tiered approval levels with monthly FA committee review/approval of exceptions.																																																

Future State: Financial Assistance Policy - Hospitals

New Co

Significant Elements for Consideration

Self Pay Discount	40%																					
Eligibility Criteria – Residency	An Illinois resident is defined as a person who lives in Illinois and who intends to remain living in Illinois indefinitely. Relocation to Illinois for the sole purpose of receiving health care benefits does not satisfy the residency requirement.																					
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Discounts/IHUPDA Policy	<table border="1"> <thead> <tr> <th>FPG</th> <th>Discount</th> <th>Cap</th> </tr> </thead> <tbody> <tr> <td>Up to 100%</td> <td>100%</td> <td></td> </tr> <tr> <td>101 – 200%</td> <td>100%</td> <td></td> </tr> <tr> <td>201 – 300%</td> <td>90%</td> <td>25% of Income</td> </tr> <tr> <td>301 – 400%</td> <td>80%</td> <td>25% of Income</td> </tr> <tr> <td>401 – 600%</td> <td>75%</td> <td>25% of Income</td> </tr> <tr> <td>Over 600%</td> <td>Case by Case</td> <td>25% of Income</td> </tr> </tbody> </table>	FPG	Discount	Cap	Up to 100%	100%		101 – 200%	100%		201 – 300%	90%	25% of Income	301 – 400%	80%	25% of Income	401 – 600%	75%	25% of Income	Over 600%	Case by Case	25% of Income
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Eligibility Criteria – Insured Patients	100% Financial assistance discount is also available for insured patients who are Illinois residents with family gross income less than 200% of the Federal Poverty Guidelines and after a \$300 threshold per encounter is collected.																					
Presumptive Approvals	Use eligibility in state sponsored programs for low income individuals as presumptive approval for Financial Assistance.																					
Reclassification of Bad Debt to Charity for cases without FA applications (Non-Compliant)	For uninsured patients who fail to cooperate with the financial assistance application process, a review is completed to determine their ability to pay. Patients with the likelihood of having an inability to pay will be identified as charity and further collections will not be pursued.																					
Reclassification of prior accounts once Charity Application is approved.	When patients are granted financial assistance, all open and bad debt cases are classified as charity.																					
Approval Authority	Tiered approval levels with weekly reports to CFOs for review and Hospital Financial Assistance Committee approvals for exceptions to policy.																					
Other	Our hospital ministries will follow the Illinois Hospital Uninsured Patient Discount Act, the Illinois Fair Patient Billing Act, and section 501(r) of the Internal Revenue Code (instituted by the Patient Protection and Affordable Care Act).																					