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HealthVoices

Financial Assistance at Hospitals

Issue 4, 2010

Financial assistance is a crucial component of the safety net system, as it provides a bridge to care for those who might otherwise not receive it, and helps those who are facing insurmountable hospital charges stave off fiscal ruin. Illness or medical bills contributed to 62 percent of all bankruptcies in 2007; hospital bills were the single largest out-of-pocket expense for nearly half of patients.¹

Generally speaking, low to middle income Georgians have options for paying for their hospital care, whether it is through a hospital-sponsored financial assistance program or public insurance. Most every Georgia hospital is compelled by both state and federal law to inform patients of the availability of financial assistance through notification and wall signage, however many do not.

Of the 123 Georgia hospital and hospital system websites surveyed in November 2010:²

- 50 percent did not reference that any financial assistance was available;
- 32 percent referenced the availability of financial assistance, but did not provide a copy of their policy;
- 18 percent posted a copy of their financial assistance policy; and,
- Only 7 percent provided any information on assistance in Spanish or another non-English language.

In addition, during site visits conducted at 34 hospitals in the metropolitan Atlanta area in April 2010³ only one-half had clear signage placed at some

part of the hospital advertising the availability of free or reduced-cost care for uninsured and/or low-income persons and only four hospitals provided a hard copy of their financial assistance policy.

By law, consumers must be notified through clear and easy-to-understand visual and written alerts that financial assistance is available, and be given the option through various points of their hospital experience to apply for that aid. By knowing their financial options, patients are better able to fiscally address their medical needs.

This issue of *HealthVoices* examines the matter of hospital financial assistance and the needs and protections of low income Georgians.

What is indigent and charity care?

Financial assistance at hospitals is divided into two categories: charity care and indigent care. Charity care is the common term for health care services given to a patient who isn't able to pay their entire bill – just a portion – and is liable for the amount they agree to pay. Indigent care is the common term for

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health care services for self-pay patients who are unable to pay any portion of their bill.

In Georgia, hospitals participating in the Indigent Care Trust Fund (which is discussed below) must fully cover an eligible patient's bill if their household income is at 125 percent of the federal poverty level or below, as their care would fall under the category of 'indigent.' Patients living at 126 percent to 200 percent of the federal poverty level



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are eligible for sliding scale care, or “charity” care. Many hospitals choose to extend charity care parameters, often qualifying patients at varying levels of subsidization up to 400 percent of the federal poverty level.

The Effect of Medical Debt

Between 2005 and 2007 an estimated 28 million adults decimated their savings, 21 million accumulated high credit card debt and another 21 million went without basic necessities just to pay medical debt.⁴ Those with medical debt are less likely than those without debt to fill a prescription, see a specialist when needed, or visit a doctor or clinic for a medical problem.⁵ They are also more likely to skip a needed test or screening, treatment or follow-up visit with their doctor.⁶

What are Hospitals Obligated to Do?

Hospitals that receive certain state funds and all private nonprofit hospitals carry a particular obligation to their low to middle income uninsured and underinsured patients and are bound by law to notify patients that financial assistance is available, to provide information on what is avail-

able, and to explain the procedure for applying for that assistance.

Under State Law

Regardless of whether it is a for-profit or nonprofit facility, all hospitals participating in the Indigent Care Trust Fund (ICTF) are required to notify patients of the availability of financial assistance. In addition to the display of information in various areas of hospital grounds, the hospital must provide forms and instructions to those wanting to apply for financial assistance.

Specifically, ICTF regulation requires that hospitals must:

- Provide notice of available financial assistance that must include the following:
 - The availability of free and reduced-charge services;
 - The patient’s ability to gain admission without pre-admission deposits;
 - The right not to be transferred solely or in significant part for economic reasons;
 - The availability of services provided;
 - The terms of eligibility for free and reduced-charge services;
 - The application process for these services; and,
 - The person or office to which complaints or questions about the hospital’s participation in these services should be directed.
- Provide similar individual notices to each patient potentially eligible for free or reduced-charge services. These notices should also be included with a patient’s bill, and should include the Department of

Community Health’s toll-free number for individuals to call if they are unable to resolve any problems experienced with ICTF assistance at their hospital.

- Place easily readable signs in the emergency room, business office and the admissions area that include the appropriate program information.
- Provide notices in English, Spanish and any other appropriate languages.
- Instruct staff to communicate the content of the notices to people who are unable to read and to assist individuals who have difficulty applying for available services.

By following these required steps of notification, hospitals can capture more patients who qualify for assistance programs.

Under Federal Law

Through Section 9007 of the recently enacted Patient Protection and Affordable Care Act (ACA) come stricter regulations on the practices of private nonprofit hospitals, and crucial consumer protections are now in place. To start, each nonprofit hospital must adopt a written financial assistance policy that includes:

- Detailed eligibility criteria for qualifying for financial assistance
- The methodology for calculating the amount of their bill a patient will pay, if they qualify for charity care
- The steps to apply for financial assistance
- The hospital’s procedure when the patient does not pay his or her bill (if this policy isn’t defined in a separate billing and collection policy)

“Those with medical debt are less likely than those without debt to fill a prescription, see a specialist when needed, or visit a doctor or clinic for a medical problem.”⁵



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- The hospital's approach to publicize its financial assistance policy within the community

Nonprofit hospitals are also now required to have a written policy which states the hospital will provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility for assistance under the financial assistance policy. Most hospitals already have this policy, as it is required through the Emergency Medical Treatment and Active Labor Act (EMTALA).

Nonprofit hospitals can no longer engage in extraordinary collection actions against a patient before the hospital has made reasonable efforts to determine whether the patient is eligible for assistance under the hospital's financial assistance policy.

Policy Recommendations

Availability of written financial assistance policy: A written copy of a hospital's financial assistance policy and income guidelines must be made available upon request, per ICTF and Affordable Care Act requirements. The policy must include income eligibility thresholds and other information about the hospital's financial assistance policy. This information must be written in clear and easy-to-understand language, and must be provided in the languages appropriate for the populations a hospital serves.

Signage indicating the availability of financial assistance: Hospitals must ensure signage indicating the availability of financial assistance is placed at key areas throughout the

hospital – the admissions desk, the emergency room, the financial office and the cashier's desk, for example. Hospitals receiving ICTF dollars are required to post signage indicating the availability of financial assistance, and hospitals must comply with this regulation.

Appropriate financial counseling:

Patients should receive appropriate financial counseling that is conducted in a one-on-one manner that ensures their information is kept confidential, and therefore does not violate either the Health Insurance Portability and Accountability Act (HIPAA) or basic privacy rights. Patients should not be forced to discuss their financial situation at a cashier's window or through other such partitions, as information could easily be overheard, and may act as a deterrent to a patient inquiring about assistance.

When possible, hospitals should help consumers make informed decisions about their medical care by explaining understand financial options before costs are incurred.

Simplified application process:

Eligibility and application requirements for financial assistance programs should be simple and easy to understand, with all terms and documentation needs clearly explained in writing. Counselors should encourage patients throughout the process to ask questions about anything they don't understand.

Oversight: Increased oversight on state and federal patient financial assistance programs by the appropriate governing bodies is crucial to ensur-

ing compliance with existing laws, particularly those laws specific to hospitals that participate in the ICTF.

Resources: To learn more about notification and to download sample signage and advertisements in various languages, visit Georgia Hospital Accountability Project at www.GaHAP.org.



About Georgia Watch

Founded in 2002, Georgia Watch is the state's leading consumer group advocating for Georgia's citizens and families. Georgia Watch is a 501(c)(3) non-profit organization dedicated to educating Georgia consumers on the energy, health care, insurance and financial issues that impact them. Georgia Watch promotes consumer-friendly public policy and greater protections for all Georgians.

In 2009, the organization officially launched its Hospital Accountability Project, which aims to broaden accessibility to affordable, quality health care at the state's hospitals for uninsured, underinsured and low-income Georgians by addressing socioeconomic obstacles, hospital policies, community benefits and regulations. Through research and analysis, the publication of relevant reports, the engagement of the state's hospitals and education and empowerment of the state's consumers, Georgia Watch aims to increase access to appropriate, quality health care by enacting state-level regulations, advocating hospital policy changes and promoting consumer empowerment. The Hospital Accountability Project is funded in part by a grant from Healthcare Georgia Foundation.



Endnotes

1. Himmelstein, David, et al. "Medical Bankruptcy in the United States, 2007: Results of a National Study." *American Journal of Medicine*, August 2009.
2. Georgia Watch staff visited the websites of all non-specialty acute care hospitals in Georgia to see what information was available online about financial assistance. Fourteen hospitals had no site at all.
3. Georgia Watch representatives visited each hospital, first checking for signage in common areas of the hospital advertising the availability of financial assistance, then inquiring about financial assistance at the admissions and/or cashier's office.
4. Doty, Michelle, et al. "Seeing Red: The Growing Burden of Medical Bills and Debt faced by US Families." The Commonwealth Fund, August 2008.
5. Garcia, Jose and Rukavina, Mark. "Sick and in the Red: Medical Debt and its Economic Impact." The Access Project and Demos joint release, October 2010.
6. Seifert, Robert W. and Rukavina, Mark. "Bankruptcy is the Tip of a Medical-Debt Iceberg." *Health Affairs*, February 2006.

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Healthcare Georgia Foundation is a statewide, private independent foundation whose mission is to advance the health of all Georgians and to expand access to affordable, quality health care for underserved individuals and communities.

