

Revenue Cycle:
Reimagining for a
More Efficient Tomorrow



Best Practices to Ensure Financial Assistance Policy Compliance

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Gillette Stadium Clubhouse

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Agenda

- IRS Activities related to Section 501(r) compliance
- Operational Strategies to implement the Financial Assistance Policy & Financial Counseling
- CMS Requirements
- Finance and Revenue Cycle Collaboration

IRC Section 501(r)

1. Code Section 501(r)(3); community health needs assessment (“CHNA”) and written implementation strategy once every 3 years and make widely available.
2. Code Section 501(r)(4); Financial Assistance Policy; make widely available; adopt by authorized body and translated.
3. Code Section 501(r)(5); Limitation on Patient Charges – amounts generally billed (“AGB”).
4. Code Section 501(r)(6); reasonable efforts prior to engaging in extraordinary collection actions (“ECAs”).



The IRS is Checking Compliance!

1. Fiscal Year 2017 began on October 1, 2016, and ended on September 30, 2017.
2. Completed 1,193 reviews and referred 388 hospitals for field examination.
 - Lack of or not widely publicizing a community health needs assessment (“CHNA”) under IRC §501(r)(3).
 - No financial assistance and/or emergency medical care policies or not widely publicizing under IRC §501(r)(4).
 - Billing and collection requirements not satisfied under IRC §501(r)(6).



How Audits are Selected

1. Review of hospital website.
2. Review of hospital Schedule H.
3. Review of other publicly available information.
4. May result in determination of field or desk audit.



What does the IRS review?

IRC §501(r)(3) and CHNA:

1. Review of Form 990, Schedule H.
2. Review of website.
3. CHNA.
4. Implementation strategy.
5. Board/authorized body minutes addressing adoption of each.
6. Name(s) of employee(s) with knowledge of CHNA/implementation strategy process and associated documents.



What does the IRS review?

IRC §501(r)(4) Financial Assistance Policy Requirements:

1. Review of Form 990, Schedule H.
2. Review of website.
3. Financial assistance policy (including AGB).
4. Plain language summary.
5. Application for financial assistance.
6. Provider listing (IRS Notice 2015-46).
7. Tour of facility(ies).
8. How patients can obtain required documents.
9. Posted notifications of financial aid availability.
10. Translated - Limited English Proficiency requirements.



Three Types of Violations

1. Minor omissions and/or errors.
2. Compliance failures that can be corrected and reported to the IRS.
3. Willful and/or egregious errors that can result in loss of tax exemption.



Revenue Procedure 2015-21

1. To correct and disclose failure(s) to meet requirement(s) of IRC §501(r) that is not willful or egregious.
2. Correction:
 - Restoration of affected individuals.
 - Reasonable and appropriate correction.
 - Timing.
 - Implementation/Modification of Safeguards.



Revenue Procedure 2015-21

Disclosure:

1. Considered disclosed if the following is reported on Form 990:
 - A detailed description of the failure;
 - A description of the correction of the failure; and
 - A description of the practices/procedures revised or established to avoid the same failure in the future.
2. Disclose on the Form 990 in the year the non-compliance was discovered.
3. If no Form 990 is filed, this information must be made widely available on the organization's website by due date of Form 990 if it had been required to file.



Other Compliance Requirements

•Third Party Vendors

- ✓ Ensure procedures are in place to monitor vendor compliance with your Financial Assistance Policy.
- ✓ Include conspicuous written notice on billing statements of your Financial Assistance Policy and a direct URL link.
- ✓ Ensure vendors are prepared to offer and assist with financial assistance to patients up to 240 days from the first post-discharge statement.



Withum Recommendations

What has your organization done since 2016 (Y/E 9/30/2016); the initial effective date of the IRS final Regulations to ensure continued compliance?

1. Reconvene your working group and perform self-audit.
 - Your website/IRC §501(r) documents; and
 - Form 990; Schedule H; Part V/§501(r) documents.
2. Updates; including your AGB calculation and provider listing.
3. Board or committee meeting written approval and documentation.
4. Form 990 disclosure re IRC §501(r) non-compliance utilizing Revenue Procedure 2015-21.

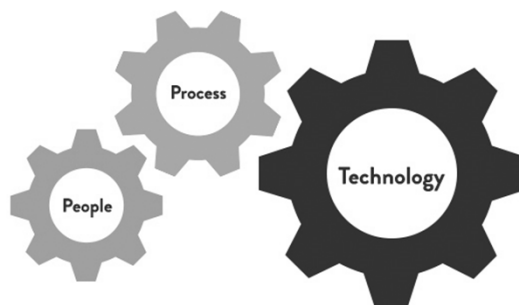


Stats from National Association of Healthcare Access Management (NAHAM)

- 66% of Americans would struggle to fund a \$1,000 Medical emergency.
- 42.9 million Americans have a medical bill in collections.
- 1 out of 5 Millennial, Generation X and Baby Boomers said their patient financial interaction negatively impacted their clinical experience.
- 45% of individuals with private insurance coverage have a high deductible health plan.



Operationalizing your Financial Assistance Policy & Financial Counseling Functions



Best Practices – Medicaid Eligibility

- Utilize a 3rd party vendor for Medicaid and other program eligibility, identification and application process during pre-service and point of service.
- On site vendor support for government eligibility assistance and payor discovery.
- Expanded coverage in Emergency Department – 7 days a week support.
- Require advanced data analytics from your vendor.
- Run bad debt queries to understand the patients who have fallen through the cracks.



Medicaid Eligibility

- Affordable Care Act allowed states to expand Medicaid eligibility to include non-elderly adults with incomes up to 138% of the federal poverty level.
- 12 million + newly eligible Medicaid enrollees nationally.
- Medicaid expansion may wind down in 2020. Changes to Medicaid could increase the uninsured rate, Emergency Department visits and uncompensated care



Best Practices – Financial Counseling Unit

- Integrate Financial Counseling within Patient Access utilizing Patient Advocates for non-scheduled / urgent patients to assist with:
 - ✓ Payment plans – interest free
 - ✓ Charity Care
 - ✓ Point of Service Collections
 - ✓ Price Estimates
- Some providers require Financial Counselors be certified as a Certified Application Counselor (CAC)
- Some hospitals use HSA accounts as a form of payment.
- Leverage a “Customer Resource Management Technology”.



Best Practices – Charity Care

- Utilize real-time Charity Care Assessment/Application Tool
- Collaborate with competitors to provide Charity Care
 - ✓ 4 hospital systems in Milwaukee, Wisconsin collaborated to treat clinic patients
 - ✓ Specialty Access for Uninsured Program
 - ✓ Agreed to increase thresholds to 250% of Federal Poverty Level
 - ✓ Achieved 93% show rate
- Utilize data analytics to understand why patients are not eligible for Medicaid.



Best Practices – Integrated Eligibility

- Conduct real time insurance verification/eligibility/benefits review.
 - ✓ Pre-service for scheduled patients
 - ✓ At time of service for emergent/urgent patients
- Interpretation of output is key
- Solutions available that will verify and interpret the benefits



Best Practice – Patient Scripting

- Scripting is a must!
- Promotes consistency, professionalism and empathy.
- Create interactive workflow and scripting tools.
- Avoid open-ended questions that result in a negative response.
 - ✓ “Mr. Smith, you have a \$500 deductible. Can you pay that today?”



Best Practice – Patient Scripting

- Utilize close-ended questions when asking for payment.
 - ✓“Mr. Smith, according to your benefit plan, your financial responsibility includes a \$500 deductible which has not been met. Will that be cash or charge today?”
- “Just send me a bill”
 - ✓“We collect co-pays, deductibles and estimated payments at time of service.”
- “My Ex/Father/Mother is responsible”
 - ✓“I understand that you have an agreement with that person. I will be glad to give you a receipt so you can get reimbursement from them. We still need to collect a deposit from you today.”



Best Practice – Patient Scripting

- “Can I pay this over time?”
- ✓“Yes, we can arrange for an interest free payment plan. We will still require a deposit today.”
- “ That can’t be right. I have insurance that will pay.”
- ✓“Yes, you do have insurance which we verified directly with your payor. We determined that \$100 is your deductible and is your responsibility. Would you like to pay by cash, check or credit card?”



Best Practice – Patient Scripting

- “I’m not currently working, just bill me.”
 - ✓ “We have a specialist who can work with you to locate financial assistance for this and future visits.”
Let me get someone to discuss this with you today.
- Prepare your staff for objections.
- As a team, craft responses for every objection posed.
- Coach your staff, work collaboratively and role play.



Best Practices – Quality Monitoring

- Utilize software
- Audit patient balances to determine disconnects in upfront processes
- Auditing of telephone calls specifically pre-service and post service



Best Practices – Training Plan

- Comprehensive and continuous training is a must!
- New Hire Training
- Case Studies
- Continuing Education
 - ✓ Web-Based
 - ✓ Classroom
 - ✓ Group Discussions / brainstorming
- Follow-up Training based on Quality Monitoring



Centers of Medicare & Medicaid Services (CMS) and your Financial Assistance Policy

- Worksheet S-10 is part of a hospital's cost report and is used by CMS to determine the level of uncompensated care.
- Prospective Payment System (PPS) and Critical Access Hospitals (CAH) complete the S-10 and additional guidance was provided in Transmittal 11.
- The Affordable Care Act (ACA) included a provision to phase out hospital Medicare Disproportionate Share Hospital (DSH) payments.



Centers of Medicare & Medicaid Services (CMS) and your Financial Assistance Policy

- S-10 data plays a part in an organization's IRS Form 990.
- Uncompensated care is not solely a business office function. Extends across the hospital organization to finance, accounting, tax, legal, IT & reimbursement.
- Who "owns" your uncompensated care function? Is it collaborative across departments?
- Ensure your Financial Assistance Policy is in alignment to ensure accurate collection and reporting of uncompensated care.



Questions/Answers Thank you!

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