

**POLICY SUBJECT:**

***Billing and Collections***

**EFFECTIVE DATE: 03/14/12**

*To be reviewed every three years by  
Executive Management*

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**POLICY**

It is the policy of Catholic Health Initiatives (CHI), and each of its tax-exempt Direct Affiliates,<sup>1</sup> and tax-exempt Subsidiaries<sup>2</sup> that Operates a Hospital Facility [collectively referred to as CHI Hospital Organization(s)], to follow the highest standards of ethics and integrity in their conduct of collections and recovery activities, to provide, without discrimination, Emergency and other Medically Necessary Care (herein referred to as EMCare) in CHI Hospital Facilities to all patients, without regard to a patient's financial ability to pay, and to follow collections protocols that ensure fair treatment to all CHI Hospital Organization patients at each Hospital Facility.

**PRINCIPLES**

After CHI Hospital Organization patients have received services, Hospital Facilities will bill patients/Guarantors and applicable payers accurately and in a timely manner. During this billing and collections process, staff will provide quality customer service and timely follow-up, and all outstanding accounts will be handled in accordance with Internal Revenue Code (IRC) §501(r) and applicable collection laws and regulations. In addition, CHI values require that all individuals be treated with reverence and compassion. CHI has defined certain collections actions to be in conflict with CHI's organizational values and have prohibited their use at any time.

**APPLICATION**

This Policy applies to:

- All charges for EMCare provided in a Hospital Facility by a CHI Hospital Organization.
- All charges for EMCare provided by a physician or advanced practice clinician (APC) who is employed by a CHI Hospital Organization, to the extent such care is provided within a Hospital Facility.

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<sup>1</sup> A Direct Affiliate is any corporation of which CHI is the sole corporate member or sole shareholder.

<sup>2</sup> A Subsidiary refers to *either* an organization, whether nonprofit or for-profit, in which a Direct Affiliate holds the power to appoint a majority of the voting members of the governing body of such organization *or* any organization in which a Subsidiary holds such power.

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- All charges for EMCare provided by a physician or an APC who is employed by a Substantially Related Entity that occurs within a Hospital Facility.
- Collection and recovery activities conducted by the Hospital Facility or a designated supplier of billing and collections services (Designated Supplier), or its third-party collection agents (whether debt is referred or sold) of a Hospital Organization to collect amounts owed for EMCare described above. All third-party agreements governing such collection and recovery activities must include a provision requiring compliance with this Policy and indemnification for failures as a result of its noncompliance. This includes, but is not limited to, agreements between third parties who subsequently sell or refer debt of the Hospital Facility.

**Coordination with Other Laws**

The provision of Financial Assistance and billing and collection of patient accounts may now or in the future be subject to additional regulation pursuant to federal, state or local laws. Such law governs to the extent it imposes more stringent requirements than this Policy. In the event that such law directly conflicts with this Policy, the CHI Hospital Organization shall, after consultation with its local CHI Legal Services Group representative, CHI Revenue Cycle leadership and CHI Tax leadership, adopt a separate policy, with such minimal changes to this Policy as are as necessary to ensure compliance with IRC Section 501(r) and other applicable laws.

**PURPOSE**

It is the goal of this Policy to provide clear and consistent guidelines for conducting billing, collections, and recovery functions in a manner that promotes compliance, patient satisfaction, and efficiency. Through the use of billing statements, written correspondence, and phone calls, CHI Hospital Organizations will make diligent efforts to inform patients/Guarantors of their financial responsibilities and available Financial Assistance options, as well as follow up with patients/Guarantors regarding outstanding accounts. As Catholic health care providers, CHI Hospital Organizations are called to meet the needs of patients and others who seek care, regardless of their financial abilities to pay for the services provided.

Finally, CHI Hospital Organizations are designated as charitable (i.e., tax-exempt) organizations under IRC §501(c)(3). Pursuant to IRC §501(r), among other things, in order to remain tax-exempt,

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each tax-exempt CHI Hospital Organization must do the following with respect to patients receiving EMCare at any CHI Hospital Facility:

- Limit the amounts individuals eligible for Financial Assistance are charged for EMCare to not more than the amounts generally billed (AGB) to individuals who have insurance covering such Care;
- Bill less than gross charges to individuals eligible for Financial Assistance for all other medical care; and
- Not engage in Extraordinary Collections Actions (ECAs) before the Hospital Facility has made reasonable efforts to determine whether the individual is eligible for assistance under Stewardship Policy No. 15 or the Hospital Facility's Financial Assistance Policy, if different (collectively FAP).

This Policy outlines the circumstances under which Hospital Facilities will undertake collections actions on delinquent patient accounts related to the provision of EMCare, and identifies Permissible Collections Activities. This Policy describes the actions that a Hospital Facility may take to obtain payment of a bill for EMCare in the event of non-payment, including, but not limited to, any permissible ECAs.

## **DEFINITIONS**

**Application Period** means, with respect to any EMCare provided by a Hospital Facility to an individual, the time period beginning on the date the EMCare is provided and ending on the later of (a) the 240th day after the date that the first post-discharge billing statement for the EMCare is provided or (b) the deadline described in the Notification Letter.

**Extraordinary Collection Actions (ECAs)** - The Hospital Facility will not engage in ECAs against an individual prior to making a reasonable effort to determine eligibility under the Hospital Facility's FAP. An ECA may include any of the following actions taken in an effort to obtain payment on a bill for care:

- Selling an individual's debt to another party except as expressly provided by federal tax law;
- Certain actions that require a legal, or judicial, process as specified by federal tax law;

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- Reporting adverse information about the individual to consumer credit bureaus.

ECAs do not include any lien that a Hospital Facility is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to an individual (or his or her representative) as a result of personal injuries for which the Facility provided care.

**Financial Assistance** means assistance provided to patients for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for EMCare provided in a Hospital Facility and who meet the eligibility criteria for such assistance. Financial Assistance is offered to insured patients to the extent allowed under the patient's insurance carrier contract.

**Financial Assistance Policy (FAP)** means CHI Stewardship Policy No. 15, *Financial Assistance*, which describes CHI's Financial Assistance program, including the criteria patients/Guarantors must meet in order to be eligible for Financial Assistance as well as the process by which individuals may apply for Financial Assistance.

**Guarantor** means an individual other than the patient who is legally responsible for payment of the patient's bill.

**Hospital Facility (or Facility)** means a healthcare facility that is required by a state to be licensed, registered, or similarly recognized as a hospital and that is operated by a CHI Hospital Organization. In reference to the performance of billing and collection activities, the term "Hospital Facility" may also include a Designated Supplier.

**Medically Necessary Care** means any procedure reasonably determined to prevent, diagnose, correct, cure, alleviate, or avert the worsening of conditions that endanger life, cause suffering or pain, result in illness or infirmity, threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, if there is no other equally effective, more conservative or less costly course of treatment available.

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**Notification Period** means the 120-day period beginning on the date the Hospital Facility provides the first post-discharge billing statement for the EMCare. A Facility will refrain from engaging in an ECA during the Notification Period, unless reasonable efforts have been made to determine a patient is eligible for Financial Assistance.

**Operates a Hospital Facility** - A Hospital Facility is considered to be operated either by use of its own employees or by contracting out the operation of the Facility to another organization. A Hospital Facility may also be operated by a CHI Hospital Organization if the CHI Hospital Organization has a capital or profits interest in an entity taxed as a partnership which directly operates a state licensed Hospital Facility or which indirectly operates a state licensed Hospital Facility through another entity taxed as a partnership.

**Presumptive Financial Assistance** means the determination of eligibility for Financial Assistance that may rely on information provided by third-party vendors and other publically available information. A determination that a patient is presumptively eligible for Financial Assistance will result in free EMCare for the period during which the individual is presumptively eligible. See also Presumptive Eligibility in CHI Stewardship Policy No. 15, *Financial Assistance*.

**Substantially-Related Entity** means, with respect to a CHI Hospital Organization, an entity treated as a partnership for federal tax purposes in which the Hospital Organization owns a capital or profits interest, or a disregarded entity of which the Hospital Organization is the sole member or owner, that provides EMCare in a state licensed Hospital Facility, unless the provision of such care is an unrelated trade or business described in IRC Section 513 with respect to the Hospital Organization.

**Suspending ECAs when a Financial Assistance Application (FAA) is Submitted** means a Facility (or other authorized party) does not initiate an ECA, or take further action on any previously-initiated ECAs, to obtain payment for the EMCare until either:

- The Facility has determined whether the individual is FAP-eligible based on a complete FAP application and met the reasonable efforts requirement, as defined herein, with respect to a completed FAA; or
- In the case of an incomplete FAA, the individual has failed to respond to requests for additional information or documentation within a reasonable period of time (30 days) given to respond to such requests.

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**Uninsured** means an individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program (including without limitation Medicare, Medicaid, SCHIP, and CHAMPUS), Worker's Compensation, or other third-party assistance to assist with meeting his or her payment obligations.

**Underinsured** means an individual with private or public insurance coverage, for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for EMCare covered by this Policy.

## **PROCEDURES**

CHI Hospital Organizations will follow standard procedures in collecting on accounts related to EMCare provided at a CHI Hospital Facility as follows:

### **Billing Practices**

- **Insurance Billing**

- For all insured patients, Hospital Facilities will bill applicable third-party payers (based on information provided or verified by the patient/Guarantor, or appropriately verified from other sources) in a timely manner.
- If an otherwise valid claim is denied (or not processed) by the payer due to an error by a Hospital Facility, the Hospital Facility will not bill the patient for any amount in excess of what the patient would have owed had the payer paid the claim.
- If an otherwise valid claim is denied (or not processed) by a payer due to factors outside of the Hospital Facility's control, staff will follow up with the payer and patient as appropriate to facilitate resolution of the claim. If resolution does not occur after reasonable follow-up efforts, Hospital Facilities may bill the patient or take other actions consistent with payer contracts.

- **Patient Billing**

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- All uninsured patients/Guarantors will be billed directly and timely, and receive a statement as part of the Hospital Facility's normal billing process.
- For insured patients, after claims have been processed by all available third-party payers, Hospital Facilities will bill patients/Guarantors in a timely manner for their respective liability amounts as determined by their insurance benefits.
- All patients/Guarantors may at any time request, and the Hospital Facility will provide, an itemized statement for their accounts.
- If a patient disputes his or her account and requests documentation regarding the bill, staff will provide the requested documentation in writing within ten days (if possible) and will hold the account for at least 30 days before referring the account for collection.
- Hospital Facilities may approve payment plan arrangements for patients/Guarantors who indicate they may have difficulty paying their balance in a single installment.
  - Revenue Cycle leadership has the authority to make exceptions to this provision on a case-by-case basis for special circumstances (in accordance with operating procedures).
  - Hospital Facilities are not required to accept patient-initiated payment arrangements and may refer accounts to a third-party collection agency as outlined below if the patient defaults on an established payment plan.

**Collection Practices**

- All collection activities conducted by the Facility, a Designated Supplier, or its third-party collection agents will be in conformance with all federal and state laws governing debt collection practices.



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- All patients/Guarantors will have the opportunity to contact the Hospital Facility regarding Financial Assistance, payment plan options, and other applicable programs that may be available with respect to their accounts.
  - A Hospital Facility's FAP is available free of charge:
    - In person at the treating Facility
    - By calling the financial counselor at the treating Facility
    - Online at [www.catholichealth.net](http://www.catholichealth.net)
    - By mail
  - Individuals with questions regarding a Hospital Facility's FAP may contact the financial counseling office by phone or in person.
- In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this Policy, Hospital Facilities may engage in collection activities, including Permissible ECAs, to collect outstanding patient balances.
  - General collection activities may include phone calls, statements, and other reasonable efforts in accordance with standard industry practices.
  - Patient balances may be referred to a third-party for collection at the discretion of the Facility and in compliance with all applicable federal, state, and local non-discrimination practices. The Facility will maintain ownership of any debt referred to debt collection agencies, and patient accounts will be referred for collection only with the following caveats:
    - There is a reasonable basis to believe the patient owes the debt.
    - All third-party payers identified by the patient/Guarantor have been properly billed, and the remaining debt is the financial responsibility of the patient. Hospital Facilities shall not bill a patient for any amount the insurance company or a third party is obligated to pay.



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- Hospital Facilities will not refer accounts for collection while a claim on the account is pending payment from a third-party payer. However, claims which remain in “pending” status with a third-party payer for an unreasonable length of time despite efforts to facilitate resolution may be re-classified as “denied.”
- Hospital Facilities will not refer accounts for collection when the insurance claim was denied due to a Hospital Facility error. However, a Hospital Facility may still refer the patient liability portion of such claims for collection if unpaid.
- Hospital Facilities will not refer accounts for collection where the patient has initially applied for Financial Assistance, and the Hospital Facility has not yet made reasonable efforts (as defined below) with respect to the account.
- No Facility shall send any unpaid self-pay account to a third-party collection agent as long as the patient or Guarantor is engaged in Patient Cooperation Standards, as defined in Stewardship Policy No. 15, *Financial Assistance*.

- **Reasonable Efforts and Extraordinary Collection Actions**

Before engaging in ECAs to obtain payment for EMCare, Hospital Facilities must make reasonable efforts to determine whether an individual is eligible for Financial Assistance. In no event will an ECA be initiated prior to 120 days from the date the Facility provides the first post-discharge billing statement (i.e., during the Notification Period) unless all reasonable efforts have been made.

The following scenarios describe the reasonable efforts that a Facility must take before engaging in ECAs.

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- **Reasonable Efforts – Engaging in ECAs – Notification Requirement** - With respect to any EMCare provided in the Facility, a patient must be notified about the FAP, as described herein, prior to initiating an ECA. The notification requirement is as follows:
  - **Notification Letter** - The Hospital Facility will notify a patient about the FAP by providing the individual with a written notice (Notification Letter) at least 30 days prior to initiating an ECA. The Notification Letter must:
    - ✓ Include a plain language summary of the FAP;
    - ✓ Indicate Financial Assistance is available for eligible individuals; and
    - ✓ Identify the ECA(s) that the Hospital Facility (or other authorized party) intends to initiate to obtain payment for the EMCare if the amount due is not paid or an FAA is not submitted before a specified deadline, which is no earlier than the last day of the Application Period.
  - **Oral Notification** - In conjunction with the provision of the Notification Letter, the Hospital Facility will attempt to orally notify the patient about how to obtain assistance under the FAP during the registration process, using the most current telephone number provided by the patient. This attempt will be documented contemporaneously.

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- **Notification in the Event of Multiple Episodes of Care** - The Hospital Facility may satisfy this notification requirement simultaneously for multiple episodes of EMCare and notify the individual about the ECAs the Facility intends to initiate to obtain payment for multiple outstanding bills for EMCare. However, if a Facility aggregates an individual's outstanding bills for multiple episodes of EMCare before initiating one or more ECAs to obtain payment for those bills, it will have not have made reasonable efforts to determine whether the individual is FAP-eligible unless it refrains from initiating the ECA(s) until 120 days after the first post-discharge billing statement for the most recent episode of EMCare included in the aggregation.
- **Reasonable Efforts when a Patient Submits an Incomplete FAA - Cooperating Efforts**
  - The Facility will suspend any ECAs (as defined) already initiated against the patient/Guarantor until Financial Assistance eligibility has been determined.
  - The Hospital Facility will provide a written notification to the patient with a list of required documentation the patient or Guarantor must provide to consider the FAA complete and give the patient 30 days to provide the necessary information. The notification will include the contact information, including telephone number and physical location of the Facility or department within the Facility that can provide information about and assist with the preparation of the FAP.
- **Reasonable Efforts when a Completed FAA Is Submitted** - If a patient submits a completed FAA during the Application Period, the Hospital Facility must:
  - Suspend any ECAs (as defined) to obtain payment for the EMCare.
  - Make a determination as to whether the individual is FAP-eligible for the EMCare and notify the individual in writing of this eligibility determination (including, if applicable, the assistance for which the individual is eligible) and the basis for this determination.
  - If the Hospital Facility determines the individual is FAP-eligible for the EMCare, the Hospital Facility must do the following:

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- ✓ Refund the individual any amount he or she has paid for the EMCare (whether to the Hospital Facility or any other party to whom the Hospital Facility has referred or sold the individual's debt for the EMCare).
- ✓ Take all reasonably available measures to reverse any ECA. Such reasonably available measures generally include, but are not limited to, measures to vacate any judgment against the individual, lift any levy or lien (other than a lien the Hospital Facility is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to an individual (or his or her representative) as a result of personal injuries for which the Hospital Facility provided EMCare) on the individual's property, and remove from the individual's credit report any adverse information that was reported to a consumer reporting agency or credit bureau.
- If the Hospital Facility determines the individual is NOT FAP-eligible for the EMCare, the Facility will have made reasonable efforts and may engage in the Permissible ECAs.
- **Reasonable Efforts when No FAA Is Submitted within 90 days after the First Post-Discharge Billing Statement for the Most Recent Episode of EMCare**
  - The Facility will issue the Notification Letter as described under Reasonable Efforts – Engaging in ECAs – Notification Requirement. If no FAA is received within 30 days after the Notification Letter has been sent, the requirement to engage in reasonable efforts to determine FAP-eligibility will have been satisfied. Thus, the Hospital Facility may engage in ECAs that are permitted under this Policy beginning 120 days after the first post-discharge billing statement.
  - **Waiver** - Under no circumstances will a Hospital Facility accept from any individual a waiver, whether oral or written, that an individual does not wish to apply for Financial Assistance, for the purpose of satisfying the requirements to engage in reasonable efforts described in this Policy.

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- **Permissible Extraordinary Collections Actions** - After making reasonable efforts, which includes the notification requirement, to determine Financial Assistance eligibility as outlined above, a Hospital Facility (or other authorized party) may engage in the following ECAs to obtain payment for EMCare:
  - Report adverse information to credit reporting agencies or credit bureaus; or
  - Garnish wages, including the filing of such civil actions as are necessary in order to accomplish such garnishment of wages (but not the filing of civil actions for any other purpose).

A Hospital Facility will refrain from ECAs against a patient if he or she provides documentation that he or she has applied for health care coverage under Medicaid, or other publicly-sponsored healthcare programs, unless or until the individual's eligibility for such programs has been determined and any available coverage from third parties for the EMCare has been billed and processed.

- **Reasonable Efforts - Third-Party Agreements** – With the exception of certain debt sales not being considered an ECA (as described in the definition of ECAs above), with respect to the sale or referral of an individual's debt related to EMCare to another party, the Hospital Facility will enter into (and, to the extent applicable, enforce) a legally binding written agreement with the party. To meet the requirement to engage in reasonable efforts to determine an individual's FAP-eligibility, these agreements must, at a minimum, include the following provisions:
  - If the individual submits an FAA (whether complete or incomplete) after the referral or sale of the debt but before the end of the Application Period, the party will Suspend ECAs to obtain payment for the EMCare.
  - If the individual submits an FAA (whether complete or incomplete) after the referral or sale of the debt but before the end of the Application Period and is determined to be FAP-eligible for the EMCare, the party will do the following in a timely manner:
    - ✓ Adhere to procedures specified in the agreement and this Policy that ensure that the individual does not pay, and has no obligation to pay, the party and the Hospital

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Facility together more than he or she is required to pay for the EMCare as a FAP-eligible individual.

- ✓ If applicable, and if the party (rather than the Hospital Facility) has the authority to do so, take all reasonably available measures to reverse any ECA (other than the sale of a debt) taken against the individual.
- If the third-party contractor refers or sells the debt to a subsequent party (the fourth party) during the Application Period, the third party will obtain a written agreement from that subsequent party including all of the elements described under this section.
- **Reasonable Efforts – Providing Documents Electronically** - A Hospital Facility may provide any written notice or communication described herein electronically (for example, by email) to any individual who indicates he or she prefers to receive the written notice or communication electronically.

### **Customer Service**

During the billing and collection process, Hospital Facilities will provide quality customer service by implementing the following guidelines:

- Hospital Facilities will enforce a zero tolerance standard for abusive, harassing, offensive, deceptive, or misleading language or conduct by its employees.
- Hospital Facilities will maintain a streamlined process for patient questions or disputes, which includes a toll-free phone number patients/Guarantors may call and a prominent business office address to which they may write. This information will remain listed on all patient bills and collection statements sent.
- After receiving a communication from a patient (by phone or in writing), Hospital Facilities' staff will return phone calls to patients/Guarantors as promptly as possible (but no more than two business days after the call was received) and will respond to written correspondence within 30 days.

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- Hospital Facilities will maintain a log of patient complaints (oral or written) that will be available for audit.

**Financial Assistance Determinations**

- **Processing Requests** - CHI's values of human dignity and stewardship shall be reflected in the application process, financial need determination, and granting of assistance.
  - Requests for Financial Assistance shall be processed promptly, and Hospital Facilities shall notify the patient or applicant in writing within 30 days of receipt of a completed application.
  - A Hospital Facility will not make a determination of eligibility on information it has reason to believe is false or unreliable or obtained through the use of coercive practices.
  - If eligibility is approved based on the completion of an FAA, the patient will be granted Financial Assistance prospectively, for a period of six months from the determination date. Financial Assistance will also be applied to all eligible accounts incurred for services received six months prior to the determination date.
  - If an individual is determined to be Presumptively Eligible, a patient will be granted Financial Assistance for a period of six months ending on the date of the presumptive eligibility determination. As a result, Financial Assistance will be applied to all eligible accounts incurred for services received six months prior to the determination date. The Presumptively Eligible individual will not receive Financial Assistance for EMCare rendered after the date of determination without completion of an FAA or a new determination of Presumptive Eligibility.
  - If denied eligibility for Financial Assistance offered by a Hospital Facility, a patient or Guarantor, may re-apply whenever there has been a change of income or status. An FAA may also be re-submitted for subsequent dates of service if the most recent Financial Assistance determination was made more than six months prior.
  - Patients/Guarantors may seek a review from a Hospital Facility in the event of a dispute over the application of this Policy or the FAP. Patients/Guarantors denied Financial Assistance



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may also appeal their eligibility determination. Disputes and appeals may be filed by contacting 1-800-514-4637 or the Financial Assistance Center:

Frisco Assistance Center  
P.O. Box 660872  
Dallas, TX 75266-0872

- The basis for the dispute or appeal should be in writing and submitted within six months of the patient's experience giving rise to the dispute or notification of the decision on Financial Assistance eligibility.
  - The Hospital Facility will not postpone any determination of FAP eligibility because the Hospital Facility is awaiting the results of a Medicaid application.
- **Presumptive Financial Assistance**
    - Reasonable efforts to determine FAP-eligibility are not required when an individual is determined eligible for Presumptive Financial Assistance.
    - **Medicaid Denials** - Patients who qualify for Medicaid are presumed to qualify for full charity write off. Any charges for days or services written off (excluding Medicaid denials related to timeliness of billing, insufficient medical record documentation, missing invoices, authorization, or eligibility issues) as a result of a Medicaid denial should be written off to a specific code and booked as charity.
    - **Restricted Medicaid Coverage** - Some Medicaid plans offer coverage for a limited or restricted list of services. If a patient is eligible for Medicaid, any charges for days or services not covered by the patient's coverage may be written off to charity without a completed FAA. This does not include any Share of Cost (SOC) or other patient cost-sharing amounts such as deductibles or copayments, as such costs are determined by the state to be an amount that the patient must pay before the patient is eligible for Medicaid. Health and Human Services (HSS) uses the term "Spend Down" instead of Share of Cost.

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**Responsibility**

CHI Revenue Cycle leadership is ultimately responsible for determining whether a Hospital Facility has made reasonable efforts to determine whether an individual is eligible for Financial Assistance. This body also has final authority in deciding whether the Hospital Organization may proceed with any of the ECAs outlined in this Policy.

**RELATED POLICY**

- Stewardship Policy No. 15, *Financial Assistance*

**AMENDED**

- 03/08/16 (to be effective as of 07/01/16)
- 12/07/16