POLICY

Murphy Medical Center seeks to allocate available financial resources effectively to reduce the cost of health care services for those patients within the community, who are most in need, consistent with their respective legal obligations. This policy recognizes the financial resources of Murphy Medical Center are limited; and that Murphy Medical Center has a fiduciary responsibility to bill and collect appropriately for patient services. Murphy Medical Center does not discriminate on the basis of race, color, national origin, citizenship, alienage, religion, creed, sex, sexual preference, age, or disability in their policies, or in the application of their policies, including the acquisition and verification of financial information, pre-admission or pretreatment deposits, payment plans, deferred or rejected admissions, eligibility status determinations, or in their billing and collection practices.

Murphy Medical Center recognizes the cost of necessary health care services can impose a financial burden on patients who are uninsured or underinsured and has acted to lessen that burden for patients. Murphy Medical Center also recognizes the billing and collection process is complex and has implemented procedures to make the process more understandable for patients; and to inform patients about discount and financial assistance options.

Consistent with these commitments Murphy Medical Center maintains a billing and collection policy that complies with applicable state and federal laws and regulations. This policy describes the financial assistance and discount programs as well as the billing, payment and collection processes applicable to services provided to patients. The policy addresses only those programs and processes applicable to patients (and patient guarantors) and not third party payers. The policy is developed to ensure compliance with applicable regulations required under (1) the Centers for Medicare & Medicaid Services Medicare Bad Debt Requirements (42 CFR § 413.89), (2) the Medicare Provider Reimbursement Manual (Part I, Chapter 3), and (3) the Internal Revenue Code Section 50 I (r).

DEFINITIONS

Financial Assistance Program: A program intended to assist low-income patients who do not otherwise have the ability to pay for their health care services. Such assistance should take into account each individual's ability to contribute to the cost of his or her care. A financial assistance program is not a substitute for employer-sponsored, individually purchased insurance programs, or publically available financial assistance.

Medically Necessary Service: A service that is reasonably expected to prevent, diagnose, prevent the worsening of, alleviate, correct, or cure conditions that endanger life, cause suffering or pain, cause physical
defect or malfunction, threaten to cause or to aggravate a handicap, or result in illness or infirmity. Medically necessary services shall include inpatient and outpatient services as mandated under Title XIX of the Federal Social Security Act.

**Elective:** Those services that, in the opinion of a physician, are not medically necessary or can be safely postponed.

**Emergency Care:** Immediate care which is necessary in the opinion of a physician to prevent putting the patient's health in serious jeopardy, serious impairment to bodily functions or serious dysfunction of any organs or body parts.

**Non-Covered Services:** Non-medical services, such as social, educational, and vocational services; cosmetic surgery; self-administered medications.

**Primary Care:** Primary care consists of health care services customarily provided by general practitioners, family practitioners, general internists, general pediatricians, and primary care nurse practitioners or physician assistants, for purposes of prevention, diagnosis, or treatment of acute or chronic disease or injury, but excludes ancillary services and maternity care services.

**Estimate of Patient Liability:** An expected out-of-pocket dollar amount provided to the patient based on the patient's specific procedure, attending physician and insurance plan. An estimate should not be interpreted as an exact or final cost.

**Bad Debt:** Accounts that have been determined to be uncollectible because the patient has been unwilling to pay for their medical care.

**Household Financial Income:** Household Financial Income as measured against annual Federal Poverty Guidelines includes, but is not limited to the following:

- Annual household pre-tax job earnings
- Unemployment compensation
- Workers’ Compensation
- Social Security and Supplemental Security Income
- Veteran’s payments
- Pension or retirement income
- Other applicable income to include, but not limited to, rents, alimony, child support, and any other miscellaneous source

**Third Party Insurers:** Any party insuring payment on behalf of a patient to include but not limited to: insurance companies, Workers’ Compensation, governmental plans such as Medicare and Medicaid, State/Federal Agency plans, Victim's Assistance, etc., or third-party liability resulting from automobile or other accidents.

**Uninsured:** Patients who are not covered under an insurance health plan, Workers’ Compensation, governmental plans such as Medicare and Medicaid, State/Federal Agency plans, Victim's Assistance, etc., or third-party liability resulting from automobile or other accidents.

**Underinsured:** Patients covered by a source of third party funding, but at risk of high out-of-pocket expenditures due to their plan benefits package. This may include, but is not limited to, high deductible plans, high coinsurance/copay plans, low per diem policies, etc.
Delivery of Health Care Services

Murphy Medical Center evaluates the delivery of health care services for all patients who present for services in the Emergency Department regardless of their ability to pay. The urgency of treatment associated with each patient's presenting clinical symptoms will be determined by a medical professional in accordance with local standards of practice, national and state clinical standards of care, and the hospital medical staff policies and procedures. It is important to note that classification of patients’ medical condition is for clinical management purposes only, and such classifications are intended for addressing the order in which physicians should see patients based on their presenting clinical symptoms. These classifications do not reflect medical evaluation of the patient's medical condition reflected in final diagnosis. Murphy Medical Center also complies with the federal Emergency Medical Treatment and Active Labor Act (EMTALA) by conducting a medical screening examination to determine whether an emergency medical condition exists when required by that law. Refer to Murphy Medical Center EMTALA Compliance Policy.

Clinical and financial considerations as well as the benefits offered by private insurance or government programs may affect the timing of, or access to, non-emergent or non-urgent health care services (i.e., elective services). Such services may be delayed or deferred based on consultation with the hospital's clinical staff and, if necessary, and if so available, the patient's healthcare provider. Murphy Medical Center may decline to provide a patient with non-emergent, non urgent services in those cases when a payment source cannot be identified.

For patients covered by private insurance or government programs, patient choices related to the delivery of, and access to, care are often defined in the insurance plan's or the government program's coverage guidelines.

For patients who are uninsured, Murphy Medical Center will work with patients to find a Financial Assistance Program that may cover some or all of their unpaid hospital bill(s).

For those patients with private insurance, Murphy Medical Center must work through the patient and the insurer to identify what services may be covered by the patient's insurance policy. For patients seeking non-emergent and non-urgent services, it is the patient's responsibility to know what services will be covered prior to seeking care.

For insured patients with very large balances owed after insurance adjudicates, Murphy Medical Center offers Hardship Settlements and/or longer-termed payment plans to assist with patient financing needs.

A. Emergency and Urgent Care Services

Murphy Medical Center complies with Federal EMTALA laws and State Regulations supporting a patient's right to emergency medical treatment. Any patient who comes to Murphy Medical Center will be evaluated as to the level of emergency or urgent care services without regard to the patient’s identification, insurance coverage, or ability to pay. Additional information is available in the Murphy Medical Center EMTALA Compliance Policy and is available upon request in the Emergency Department.

Emergency Level Services include:

Medically Necessary services provided after the onset of a medical condition, whether physical or mental, manifesting itself by symptoms of sufficient severity including severe pain, that the absence of prompt medical attention could reasonably be expected by a prudent layperson who possesses an average knowledge of health and medicine to result in placing the health of the person or another person in serious jeopardy, serious impairment to body function or serious dysfunction of any body organ or part or,
with respect to a pregnant woman, as further defined in section 1867(e) (1) (B) of the Social Security Act, 42 U.S.C. § 1295dd (e) (l) (B). A medical screening examination and any subsequent treatment for an existing emergency medical condition or any other such service rendered to the extent required pursuant to the federal EMTALA (42 USC 1395(dd) qualifies as an Emergency Level Service.

**Urgent Care Services include:**
Medically Necessary services provided after sudden onset of a medical condition, whether physical or mental, manifesting itself by acute symptoms of sufficient severity (including severe pain) that a prudent layperson would believe that the absence of medical attention within 24 hours could reasonably expect to result in: placing the patient's health in jeopardy, impairment to bodily function, or dysfunction of any bodily organ or part. Urgent Care Services are provided for conditions that are not life threatening and do not pose a high risk of serious damage to an individual's health, but prompt medical services are needed.

**B. Non-Emergent, Non-Urgent Services:**
For patients who either (1) arrive at Murphy Medical Center seeking non-emergent or non-urgent level care or (2) seek additional care following stabilization of an emergency medical condition, Murphy Medical Center may provide elective services after consulting with clinical staff and reviewing the patient's coverage options. Elective Services can be medically necessary services that do not meet the definition of Emergency Level services or Urgent Care Services defined above. Typically, these services are either primary care services or medical procedures scheduled in advance by the patient or by their health care provider (hospital, physician office, other).

**Collection of Information on Patient Coverage and Financial Resources**

**A. Patient Obligations:**
Prior to the delivery of any health care services (except for cases requiring Emergency Level Services or Urgent Care services), the patient is expected to provide timely and accurate information on their insurance status, demographic information, changes to their family income or insurance status, and information on any deductibles or co-payments that are owed based on their existing insurance or financial program's payment obligations. The detailed information may include:

1. Full name, address, telephone number, date of birth, social security number (if available), current health insurance coverage options, citizenship, residency information, and the patient's applicable financial resources that may be used to pay their bill;
2. Full name of the patient's guarantor, their address, telephone number, date of birth, social security number (if available), current health insurance coverage options, and their applicable financial resources that may be used to pay for the patient's bill; and
3. Other resources that may be used to pay their bill, including other insurance programs, motor vehicle or homeowners insurance policies if the treatment was due to an accident, worker's compensation programs, and student insurance policies, among others.

It is ultimately the patient's obligation to keep track of and timely pay their unpaid hospital bill, including any existing co-payments and deductibles. The patient is further required to inform either his/her current health insurer (if insured) or the government agency that determined the patient's eligibility status in a government program (if participating) of any changes in family income or insurance status.
B. **Hospital Obligations:**

Murphy Medical Center will make all reasonable and diligent efforts to collect the patient's insurance and other information to verify coverage for the health care services to be provided. These efforts may occur during the scheduling of services, during pre-registration, while the patient is admitted in the hospital, upon discharge, or during the collection process which may occur for a reasonable time following discharge. This information may be obtained prior to the delivery of any non-emergent and non-urgent health care services (i.e., elective procedures as defined in this Billing and Collections Policy). Murphy Medical Center will defer any attempt to obtain this information during the delivery of any EMTALA level emergency or urgent care services, if the process to obtain this information will delay or interfere with either the medical screening examination or the services undertaken to stabilize an emergency medical condition.

If the patient or guarantor/guardian is unable to provide the information needed, and the patient consents, Murphy Medical Center will make reasonable efforts to contact relatives, friends, guarantor/guardian, and the third party for additional information.

Murphy Medical Center maintains all information in accordance with applicable federal and state privacy and security laws.

**Policy**

Murphy Medical Center generally expects patients or their third party payers to pay in full for services provided. Murphy Medical Center will bill third party payers in accordance with the requirements of applicable law, contracts with third party payers or applicable billing guidelines. Patients are also responsible for charges that are not paid by a third party payer within a reasonable time frame or for any balances that exist after payment by the third party payer. Patients who seek services (other than emergency services) may be requested to pay in advance for services that will not be covered by third party payers, including copayments and deductibles related to covered services. The patient's failure to pay or make satisfactory financial arrangements will render the account delinquent. The hospital reserves the right to take collection actions as permitted by law concerning balances due from either the patient or third party insurers.

**Pre Service**

Murphy Medical Center is committed to helping patients understand and manage the cost of services they receive before those services are delivered. To help patients prepare for and manage the cost of care they receive, a registration team member may perform pre-service review steps to ensure all information collected is accurate. Accurate information is critical to avoid billing issues and to ensure insurance benefits can be accessed to minimize out-of-pocket expenses.

Before non-emergency services are delivered or after emergency conditions have been stabilized, the registration team may perform the following activities:

- **Validate and Protect Patient Identity** – to protect medical and financial information, Murphy Medical Center may use commercially available data sources to validate the accuracy of names and addresses. To receive non-emergency services, Murphy Medical Center may ask the patient or guarantor for photo ID and may include a copy of your photo ID with your medical record.
- **Verify Insurance Benefits** – based on information provided by patients and guarantors, Murphy Medical Center may use our data systems to communicate with insurance companies to verify eligibility and
benefits. If insurance information is not provided, Murphy Medical Center may check with the major insurance companies and applicable state Medicaid program to check for coverage.

• Verify Medical Necessity – not all services are covered by insurance policies. To minimize cost associated with services not covered by insurance Murphy Medical Center may verify the appropriateness of per-service diagnosis and procedure codes so that patients can make an informed decision about receiving the recommended services.

• Obtain Prior Authorizations – If the services to be provided require prior authorization from an insurance company, Murphy Medical Center will attempt to secure that authorization from your insurance company. Each patient is responsible for making sure his/her insurance benefits will cover the cost of services to be provided. If Murphy Medical Center is unable to obtain proper authorization, patients may be responsible for the cost of services delivered.

• Identify Open Bad Debt Accounts – if the patient or guarantor has previously unpaid accounts that have not been enrolled in a payment plan, those balances may be required to be paid in full or paid in part and enrolled in our payment plan.

• Produce an Estimate of Patient Liability – to help patients make informed health care purchasing decisions, an estimate of service costs and patient liabilities may be provided. Murphy Medical Center will use all data described in this section to estimate out-of-pocket expenses based on specific insurance benefits, prior authorization requirements and any open prior accounts.

• In the event that our registration team is unable to identify coverage for services to be provided, patients may be referred to a financial counselor.

• Patients will be asked to pay all or a portion of the estimated co-pays, co-insurance amounts and/or deductible amounts. If the patient is uninsured, a percentage of gross charges may be requested.

• Our pre-service financial clearance process is designed to help patients manage unexpected costs associated with health care services. Murphy Medical Center also provides payment options to help patients manage balances within their budgets.

Financial Assistance Programs

Murphy Medical Center patients may be eligible for free or reduced cost of health care services through various State Programs, or the Hospital Financial Assistance Program based on the patient's financial circumstances.

Refer to the Murphy Medical Center Financial Assistance Policy for more detail.

Hardship Settlement

This program is designed to assist North Carolina, Tennessee, and Georgia residents who have had a catastrophic medical event regardless of their insurance coverage that has resulted in very large hospital bills in comparison to their financial resources. Patients who have incurred a balance after all insurance or third-party payments that is greater than 10% of their total household financial resources may be eligible for a Hardship Settlement discount. Patients seeking a hardship settlement should inquire about this program by calling the customer service department after receiving their first balance due statement.

Billing and Collection Process

A. General

Murphy Medical Center uses the same reasonable efforts and follows the same reasonable process for collecting amounts due for services provided to all patients, including insured, underinsured or uninsured patients. Collection activities may occur during the pre-registration process and will continue until account
resolution, a determination the account is uncollectible, or determination of eligibility for financial assistance. The collection process may include requests for deposits, payment plans or discretionary settlements. The collection process may involve the use of outside collection agencies which may include reporting the outstanding balance to credit reporting agencies. The collection process is documented in the patient's account files accessible to the hospital and its business associates involved in the collections process. (Collection will not, however, be pursued against patients who fall within populations exempt from collection action by law.)

Murphy Medical Center will make reasonable and diligent efforts to investigate whether a third party resource may be responsible for the services provided by the hospital, including but not limited to: (1) a motor vehicle or home owner's liability policy, (2) general accident or personal injury protection policies, (3) worker's compensation programs, (4) student insurance policies. In accordance with applicable state regulations or the insurance contract, for any claim where reasonable and diligent efforts resulted in a recovery on the health care claim billed to a private insurer or public program, Murphy Medical Center will report the recovery and offset it against the claim paid by the private insurer or public program. If Murphy Medical Center has prior knowledge and is legally able, it will attempt to secure assignment on a patient's right to third party coverage (or settlement) on services provided due to an accident. Refer to [Murphy Medical Center Refund Policy](http://murphymedical.policystat.com/policy/3068356/) for more details.

**B. Collection Notices**

Murphy Medical Center has a fiduciary duty to seek payment for services it has provided from patients who are deemed able to pay. Murphy Medical Center reserves the right to utilize outside vendors to assist the facility and patients regarding balances due, process payment plans, etc. When a balance is owed by the patient, the payment is considered "Self-Pay" and payment in full is expected.

- An account is determined to be Self-Pay if any of the following are true:
  - There is no insurance on record.
  - All expected payments from the insurance carriers, Medicare and other third party payers have been paid.
  - A patient has not responded timely to requests for information/documentation needed to determine eligibility under Financial Assistance Policies.
  - Patient does not provide information requested from third party insurers to process claims.
- All self-pay accounts process through specific statement cycles.
- Because of the inherent delays and other issues with Medicaid eligibility processes, Murphy Medical Center may perform Medicaid eligibility checks on all Self-Pay accounts after discharge. If Medicaid coverage is identified, the account will be reclassified to Medicaid from Self-Pay and billed to Medicaid.
- All Self-Pay accounts will be sent a minimum of three statements spanning at least 90 days of time, with the last contact notifying the patient that if the bill remains unpaid, in 30 days they will be referred for additional collection actions.
- On any Self-Pay statement, notification is present that an itemized bill can be requested by contacting our Customer Service call center.
◦ Collection activity may include other notification methods that constitute a genuine effort to contact the party responsible for the obligation, including, for example, telephone calls, collection letters, personal contact notices, and computer notifications.

◦ For statements that have been returned as undeliverable, reasonable efforts will be made to determine an accurate mailing address using internal and external tools and resources. These efforts will be documented on each patient account. Refer to the Murphy Medical Center Returned Mail Policy for more details.

◦ Additional Collection Activity may include assignment of the account(s) a debt collection agency.

C. Documentation of Collection Effort

Patient financial records will be maintained by Murphy Medical Center as required by applicable law and in accordance with hospital policies.

Documentation will support billing and collection actions and will include all documentation of the hospital's collection effort including the bills, codes and letter templates, reports of telephone and personal contact, and any other efforts made. Such documentation is maintained until audit review by a federal and/or state agency of the fiscal year Cost Report in which the bill or account is reported or longer if required by law or internal policy. Refer to the Murphy Medical Center Record Retention Policy.

D. Populations Exempt from Collection Activities

1. Patients who are enrolled in a public health insurance program including but not limited to State Medicaid Plans are exempt from billing or collection action after the initial bill pursuant to state regulations subject to the following exceptions:
   a. Murphy Medical Center may seek collection action against any patient enrolled in the above mentioned programs for their required co-payments and deductibles that are set forth by each specific program.
   b. Murphy Medical Center may initiate billing or collection activities for a patient who alleges that he or she is a participant in a State Program that covers the costs of the services, but fails to provide proof of such participation. Upon receipt of satisfactory proof that a patient is a participant in a State Program, (including receipt or verification of signed application), Murphy Medical Center shall cease billing or collection activities.
   c. Murphy Medical Center may follow the Collections Process for items and services that are excluded from governmental coverage non-covered services.

2. Under the Hospital Financial Assistance Program, Murphy Medical Center will cease any collection activity against a patient who has applied for Financial Assistance. If the Financial Assistance Application is incomplete, the patient will be allowed a reasonable period of time to provide missing information. Refer to the Murphy Medical Center Financial Assistance Policy for more detail.

3. Murphy Medical Center and their agents shall not continue collection or billing on a patient balances that are part of a bankruptcy proceeding except to secure its rights as a creditor in the appropriate order.

E. Deposits and Payment Plans

1. Patients or their responsible parties are expected to pay their full liability for services rendered within thirty (30) days of receipt of their first bill or in accordance with a mutually agreed upon installment payment plan as described in item 4 in this section
2. Murphy Medical Center may, to the extent permitted by law, request "pre-admission" or "pre-treatment" deposits based on the estimated charges for the services to be provided if the services are: (1) not covered by insurance; (2) elective services (i.e., not Emergency Level Services or Urgent Care Services).

3. Murphy Medical Center may request a deposit from patients eligible for financial hardship based on eligibility level.

4. Murphy Medical Center, at a minimum, will offer the following installment plans but may, based on the circumstances, permit repayment with a longer period.
   a. Upon verbal consent between the patient and an authorized hospital agent, payment in the amount of one third of the total patient balance owed, paid in 3 monthly payments
   b. Extended payment plans are available through AccessOne
      1. "Choice" is available to any patient with a balance less than or equal to $10,000. The program includes an interest free payment option for up to 24 months.
      2. "Choice 10" is available to any patient with a balance greater than $10,000. The program expands the interest free payment for up to 100 months (based on account balance.) The program also offers a fixed low interest payment option as well.
      3. "Choice Outreach" is available to patients who have a high likelihood of living in poverty. For example, a patient may have already received financial assistance through the CAFA or Hardship Settlement Programs but may still have a balance for which the patient is responsible for paying. Patients who are found to be below 400% of the FPL qualify for this payment arrangement. For accounts with a balance less than $2500 the minimum payment is set to $25 a month until the balance is paid in full. For accounts over $2500 the minimum payment is set to a percentage of the total ranging from .50% to 1% of the balance due.

F. Discretionary Settlements
   Murphy Medical Center may choose to settle outstanding accounts based upon extenuating circumstances.

G. Outside Collection Agencies
   Murphy Medical Center contracts with outside collection agencies to assist in the collection of certain accounts, including patient responsibility amounts not resolved after issuance of hospital bills or final notices.

   Murphy Medical Center has a specific authorization or contract with the outside collection agencies and requires such agencies to abide by the Murphy Medical Center Billing and Collection policies for those debts that the agency is pursuing. Murphy Medical Center requires any contracted collection agency to follow the regulations and licensing requirements within the States in which the agency conducts business. Additionally contracted collection agencies must abide by the requirements of the Federal Fair Debt Collection Practices Act.

Bad Debt Pre-Placement Review

After the initial three contacts and after a period of no less than 120 days from discharge Self-Pay accounts are pre-listed for movement to bad debt. The following actions, if applicable, are then taken:

- Accounts are removed if any information has been obtained subsequent to being pre-listed that would indicate the account is collectible.
Primary Bad Debt Placement

Primary Bad Debt placement is a process that usually occurs approximately one week after the accounts reach the pre-list status.

- Accounts are submitted to a hospital approved primary collection agency. Accounts remain with the primary collection agency for a period of at least 270 days.
- The primary collection agencies will notify all patients they contact for the purpose of debt collection of *Murphy Medical Center Financial Assistance Policy*.

Secondary Bad Debt Placement

Secondary Bad Debt placement occurs after primary placement for all accounts over 270 days that have had no payment activity.

- The secondary agencies will notify all patients they contact for the purpose of debt collection of *Murphy Medical Center Financial Assistance Policy*.
- Unpaid accounts stay with secondary agencies for at least 14 months

Bad Debt Account Recall

Murphy Medical Center will recall accounts from primary and secondary agencies and "clear or clean" the patients file with both the agencies and credit bureaus, if applicable, for the following reasons:

- Patient files for bankruptcy
- Filing of an estate for the patient
- Error by Murphy Medical Center that caused the account to improperly be pre-listed (i.e., payment posting error)
- Medicare cost Recovery

Annually, Murphy Medical Center performs a recall of patient accounts based on the qualifications outlined in the *Murphy Medical Center Bad Debt Policy*.

Attachments: No Attachments