



# What happens if I can't pay?

*Financial assistance policies in non-profit hospitals*



A Guide for Consumers



# Goals for this presentation

- To review the concept and purpose of hospital financial assistance policies, what federal and state law requires of them, and how they work in the real world.
- To consider ways to make these policies more effective.



# Context

- Nearly 800,000 Alabamians lack health insurance, including about 80,000 children.
- Thousands more are “underinsured.”
- Alabama ranks high for many health risks.
- Medical debt is the leading cause of bankruptcy.



# When hospital care goes unpaid

- Indigent care
- Bad debt
- Uncompensated care





# What is hospital financial assistance?

- Also called charity care, free care or indigent care
- Care provided by a hospital for people who can't afford to pay
- Critical part of the health care safety net
- Key component of a hospital's "community benefits" program

# What's required of hospitals?

- **Emergency rooms** – can't turn away true emergencies
- **Nonprofit hospitals** – “community benefits”
- **For-profit hospitals** – corporate social responsibility



## A closer look at the ER

- 1986 federal law: stabilize, treat or transfer true emergency cases
- Hospitals can bill for required services
- Sore throats not protected
- ER may choose to treat anyway for lack of other facility
- Fear of lawsuits and negative publicity may prompt non-emergent care



# A closer look at non-profit hospitals



The ACA adds four new conditions tax-exempt hospitals must meet . . .



# 1. Develop written FA policies

## At a minimum, the policy must state:

- Whether FA includes free or discounted care
- Eligibility criteria
- Basis for determining charges
- How to apply
- Collection policy
- Plan to inform community





### 3. Practice fair billing and collection



- No “extraordinary collection actions” before “reasonable effort” to determine eligibility

## 4. Conduct community needs assessments

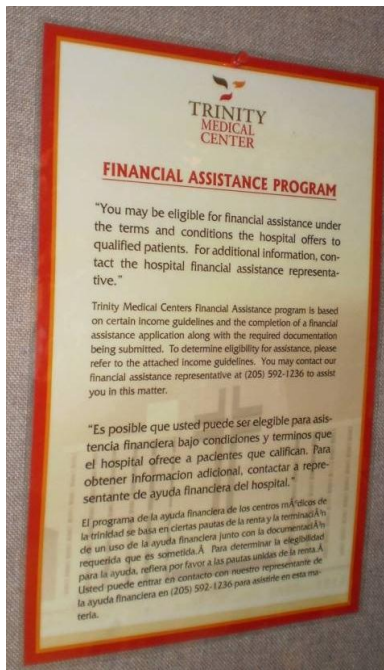
- Every three years
- Represent breadth of community
- Available to the public
- Strategies to meet the identified needs



# How do patients obtain charity care?

## *Perfect World:*

### Hospital has policy and informs community



- Promotional material and events
- Signs in ER, admissions, billing and discharge
- “Self-pay” patients notified at intake
- Written explanations and applications

# Real World:

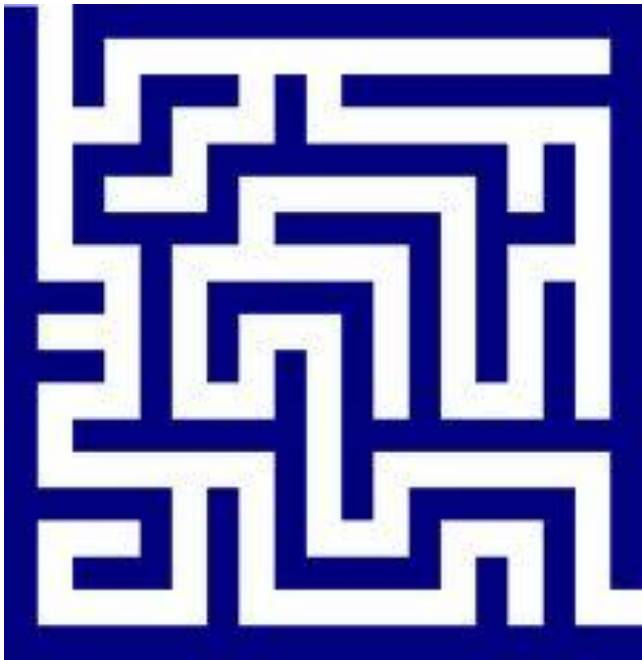
## Too many don't know FA exists

- “Wall of Silence”
- Fear of un-payable bills  
delays care . . . harms health  
. . . hikes costs . . .  
→ → hopeless medical debt



# Real World:

## Patients may encounter obstacles



- Inadequate, hidden or missing signage
- Hard-to-read application
- Tedious process, maybe even disrespectful
- Big bills in the meantime . . .

# And more obstacles . . .

- Narrow limits on charity care services?
- Assets test?
- Unequal treatment?





# Monitoring charity care

## The Birmingham Hospital Accountability Project

### Goals:

- Raise awareness
- Monitor access
- Develop recommendations
- Mobilize community

### Key monitoring activities:

- Phone calls
- Site visits
- Review written policies and materials
- Review websites



# What we found



- 10 of the 11 hospitals are non-profit.
- All 11 hospitals have FA policies (four refused to disclose).
- Full discounts at least up to federal poverty level.
- Signage provides best access to FA information.
- Websites generally provide little FA information.
- Spanish-language patient phone inquiries produced worst results.

# Recommendations

- Amend FA policies to comply with law
- Provide hospital-wide staff training on FA policies
- “Start from scratch” on consumer-friendly info
- Include FA info in hospital outreach



# Resources



**Arise Citizens' Policy Project**

[www.arisecitizens.org](http://www.arisecitizens.org)

(800) 832-9060

**Community Catalyst**

[www.communitycatalyst.org](http://www.communitycatalyst.org)

