

Title: Financial Assistance Policy

Department: Revenue Cycle



1.0 Policy:

The Financial Assistance Policy outlines the Eligibility Criteria, Application Methods, Discount Calculation Methods and Publication Requirements for Sparrow Health System’s Financial Assistance Program. The policy complies with Section 501(r) of the Patient Protection and Affordable Care Act of 2010 and State of Michigan Public Act 107 which created financial assistance stipulations for charitable hospital organizations operating as a 501(c)(3) corporations.

2.0 Scope:

This policy applies to services provided (or expected to be provided) to individuals residing within the Sparrow Health System service area and includes Sparrow Hospital, Sparrow Carson Hospital, Sparrow Clinton Hospital, Sparrow Specialty Hospital, Sparrow Eaton Hospital, Sparrow Ionia Hospital, Sparrow Medical Group, and Sparrow Home Care and Hospice. It covers Medically Necessary services provided by Sparrow employed providers in the hospital, ambulatory, and home settings.

The policy does not include those services provided by non-Sparrow employed providers, although many providers do recognize Sparrow’s criteria and apply similar discounts. Those include: Emergency Medical Associates,, , Lansing Radiology Associates, Advanced Radiology Services, , Kellum & Associates, MI Gastroenterology Institute, Compass Health, Capital Cardiology, and Vituity Healthcare..

3.0 Definitions:

AGB-Amounts Generally Billed for emergency or other medically necessary care to individuals who have insurance covering such care.

Healthcare Recovery Score-A healthcare recovery score is a scoring model developed by a third-party vendor designed to predict an individual’s ability to pay medical bills. This presumptive assessment assists in patient qualification without the need for documentation provision.

Medically Necessary-Medically necessary services are those ordered by a physician to address medical conditions or provide normal preventative healthcare. Cosmetic procedures, experimental procedures, and other services not typically covered by insurance are excluded. Any questions regarding Medical Necessity will be determined by Sparrow’s Chief Medical Officer.

Plain Language Summary-A summary of the Financial Assistance Policy that is easy to understand and distributed at intake, discharge, with billing statements, and publicly displayed.

Sparrow-Unless otherwise designated, the term Sparrow will encompass all Sparrow locations and all providers employed by those entities.

Un/underinsured-defined as those with no health insurance coverage and/or those with health insurance coverage but with benefits that do not cover the services being provided.

Income-Wages, salaries, social security and disability payments, commissions, fees, tip and includes other forms of compensations such as fringe benefits and pensions.

Family size-Individuals for whom a taxpayer properly claims a deduction for a personal exemption.

4.1 Available Discounts and Eligibility Criteria

A. Sparrow’s Financial Assistance Program contains five distinct discounts. Those are:

Discount Type	Eligibility Criteria	Application Method	Discount Amount
Uninsured Free Care	Household income <= 200% of <u>Federal Poverty Guidelines</u>	Sparrow <u>Financial Assistance application</u>	100%
Uninsured Discount	Uninsured patient > 200% of <u>Federal Poverty Guidelines</u>	None	<u>AGB</u>
Insured Patient Tiered Discount	Household income up to 300% of <u>Federal Poverty Guidelines</u>	Sparrow <u>Financial Assistance Application</u> , Healthcare Recovery Scoring will not be utilized	<=200% Federal Poverty guidelines = 100% discount. 201 – 300% Federal Poverty Guidelines = 50% discount
Ingham Health Plan Member Discount	Active member in IHP	None	100%
Deceased	Receipt of death certificate	None	100%
<u>Healthcare Recovery Score</u> Discount	Score < 650 for uninsured patients only. Copays, deductibles and co-insurance are not eligible for this methodology	None-Automatically screened prior to third-party collection action.	100%

- B. FPG amounts are updated by February each year, upon release by the Department of Health and Human Services and can be found at <https://aspe.hhs.gov/poverty-guidelines>.
- C. Asset Test: In order to determine a patient's eligibility for financial assistance, Sparrow utilizes a sliding scale discount that takes a patient's Household Income and qualifying assets into consideration. A patient is not eligible for financial assistance under this policy if the patient's household qualifying assets are valued at \$100,000 or more, regardless of the patient's income. Assets not listed as a protected asset will be considered available for payment of medical expenses. Sparrow may count the excess available assets as current year income in establishing the level of discount offered to the patient.

Protected Assets:

- Primary personal residence
- IRA, 401k, cash value retirement plans/pensions
- Reasonable assets used in a business
- College savings plans

4.2 Application Methods

- A. The Sparrow Financial Assistance Application is attached to this policy as Exhibit A.
- B. Instructions for completing the Sparrow Financial Assistance Application are attached to this policy as Exhibit B.
- C. Applications can be obtained in several ways:
- a. On the Sparrow website at <https://www.sparrow.org/patient-resources/financial-resources/financial-assistance> or click this link [Financial assistance application](#).
 - b. Request a Sparrow FAA by contacting Sparrow Patient Financial Services at 517-364-7999.
 - c. Assistance in completing applications can be obtained by contacting Sparrow Patient Financial Services at 517-364-7999.
- D. Applications are valid for one year at which time a new application will need to be submitted and re-evaluated for eligibility.
- E. In order for an application to be considered, financial counseling must have screened the account and found no additional paying solutions

4.3 Calculation of Discounts

- A. Sparrow Health System uses the “look-back” method to determine AGB.
 - a. Each year Sparrow Patient Financial Services will calculate AGB based on the previous year’s amounts paid, as a percentage of charges, for all Insured Patients.
 - b. AGB percentages will be calculated separately for each Hospital, but may be reduced to create a consistent discount % across all Sparrow locations.
 - c. AGB calculation can be found on the <https://www.sparrow.org/patient-resources/financial-resources/financial-assistance> under amount generally billed or click this link AGB.
 - d. New percentages will be calculated and implemented by March 1st of each year.
- B. The Insured Patient Tiered Discount will be based on Federal Poverty Guidelines, which will be updated no later than March 1st of each year. Details of this discount can be found in Exhibit A to this policy.
 - a. The maximum amount the patient is financially responsible for will not exceed the AGB for that service.

4.4 Plain Language Summary

- A. A Plain Language Summary of Sparrow’s Financial Assistance Policy is attached to this policy as Exhibit C.

4.5 Publication of the Financial Assistance Policy

- A. Sparrow’s Financial Assistance Policy will be made available for public review in the following ways:
 - a. Published on the Sparrow Health System internet site.
 - b. Referenced on patient collection statements.
 - c. Made available upon request from a patient.
 - d. Conspicuous displays regarding Sparrow’s Financial Assistance Policy at all intake areas within the Hospital.

4.6 Billing and Collections

- A. Reasonable efforts will be made to determine if a patient or responsible party is eligible for the Sparrow Financial Assistance Program prior to taking any Third Party collection efforts.
- B. Reasonable efforts and collection tactics used by Sparrow are defined in the Patient Collection Policy. Copy is available upon request.

5.0 Revision History:

Date	Revision #	Changes	Referenced Section
01/01/16		New Policy	
2017		FPL table update	
2018		FPL table update	
2019		FPL table update	
2020 2/10/2021		FPL table update FPL table update	

6.0 : Related Policies: Patient Collections Policy, EMTALA Policy

7.0 Other Documentation:

- Section 501(r) of the Patient Protection and Affordable Care Act of 2010
- State of Michigan Public Act 107

EXHIBIT D

INSTRUCTIONS-COMPLETING FINANCIAL ASSISTANCE APPLICATION

Sparrow Financial Assistance Program Application Instructions

Patients and/or Responsible Parties can obtain a Sparrow Financial Assistance Application by 1) visiting <https://www.sparrow.org/patient-resources/financial-resources/financial-assistance> or click link [application](#) 2) visiting our office at 3301 E. Michigan Ave, Suite A, Lansing, MI 48912, or 3) by calling Sparrow Patient Financial Services at 517-364-7999.

The Sparrow Financial Assistance Application is a form that collects the minimum information needed to make a Financial Assistance decision. Most information can be obtained from your most recent tax return or paycheck.

Completed applications can be submitted to us by 1) returning it to our office at 3301 E. Michigan, Suite A, Lansing, MI 48912, 2) mailing it to the same address, or 3) faxing it to Sparrow Patient Financial Services at 517-253-6377.

EXHIBIT C

FAP PLAIN LANGUAGE SUMMARY

Sparrow Health System, in accordance with Section 501(r) of the Patient Protection and Affordable Care Act of 2010 has established a Financial Assistance Policy.

Patients and/or Responsible Parties with balances owed to Sparrow Health System may be eligible for Financial Assistance based on a combination of family size and household income as compared to United States Federal Poverty Guidelines. Uninsured patients will qualify for either free care or discounted care. Insured patients may qualify for discounts on their deductible, coinsurance or copays owed.

Sparrow Health System will make reasonable efforts to determine a party's eligibility for Financial Assistance before attempting any Extraordinary Collection Actions.

The complete Financial Assistance policy, application, and collection policy can be viewed at <https://www.sparrow.org/patient-resources/financial-resources/financial-assistance>

FAP- eligible individual may not be charged more than the amount generally billed for emergency or other medically necessary care.

Individuals can also request a copy of the policy and an application from Sparrow Patient Financial Services

By phone at:
517-364-7999

In Person at:
3301 E. Michigan Ave., Suite A
Lansing, MI 48912