

Title: Financial Assistance Policy

Department: Revenue Cycle (Financial Counseling)



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. The policy complies with the National Health Services Corps (NHSC) and Michigan State Loan Repayment Program (MSLRP) for approved sites.

2.0 Scope:

This policy applies to medically necessary 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. Medically necessary services are defined as those services:

- Required to treat an illness or injury
- Emergency services
- That are consistent with the diagnosis and treatment of the patient's condition
- In accordance with standards of good medical practices
- Primary care services (medical, behavioral health, and dental)
- Not be for the convenience of the patient or patient's physician
- And be at a level of care most appropriate for the patient as determined by the patient's medical condition and not the patient's financial or family situation.

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.

This policy does not include services performed at Sparrow Health System by professional providers who bill services through: Lansing Radiology Associates, Advanced Radiology Services, Kellum & Associates, Michigan Gastroenterology Institute (a Pinnacle GI Partner), Mid-Michigan Oncology Radiation Associates, Compass Health, Capital Cardiology, and Vituity Healthcare; although these professional groups may recognize Sparrow's criteria and apply similar discounts.

3.0 Notice of Non-Discrimination

Sparrow Health System and all subsidiary entities provide quality healthcare to all persons. Sparrow Health Systems will not discriminate, based on, race, ethnicity, color, national origin, citizenship, sex, religion, age, disability, political beliefs, gender identity, sexual orientation, veteran or military status, marital or family status, and source of payment for services or any other basis prohibited by federal, state or local law. Admission and treatment decisions are based solely on the medical needs of the patient and the capacity and capabilities of the facility to provide the medical care and treatment required. Sites approved by the National Health Service Corps (NHSC) will not discriminate in the provision of services to an individual (and not base program eligibility) on a person's ability to pay whether payment for those services would be made under Medicare, Medicaid, or CHIP.

4.0 Definitions:

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

FPG – Federal Poverty Guidelines, a measurement of the minimum amount of annual income that is needed for individuals and families to pay for essentials. The guidelines are used to calculate eligibility for Federal and State programs and health system discount amounts.

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 income documentation provision.

Medically Necessary-Medically necessary services are those ordered by a physician or advanced care provider (Physician Assistance or Nurse Practitioner) 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.

Uninsured/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, disability payments, veterans payments, workers compensation, commissions, fees, tip and includes other forms of income such as pension, retirement benefits, interest, dividends, self-employment earnings, and rental income.

Family size-a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. Non-related household members may be used to calculate family size.

5.0 Policy

5.1 Residency Requirement

Sparrow Health System will limit consideration for financial assistance to applicants who reside (at the time of service) in the Sparrow Health System Service area as defined by the hospital’s “Community Needs Assessment” as a “community” it serves. Exceptions may be made for patients in need of Emergent Care or those seeking Medically Necessary services that are not available within another healthcare provider’s service area.

5.2 Available Discount, Eligibility Criteria, and Application Method

Discount Type	Eligibility Criteria	Application Method	Discount Amount
<u>Uninsured Free Care</u>	Household income <= 100% of <u>FPG</u>	Sparrow <u>Financial Assistance Application</u>	100%
<u>Uninsured Free Care</u>	Household income <= 200% of <u>FPG</u>	Sparrow <u>Financial Assistance application</u>	100%
<u>Uninsured (Self-Pay) Discount</u>	Uninsured patient >200% <u>FPG</u>	None	<u>AGB (Exhibit C)</u>
Insured Patient Tiered Discount	Household income up to 300% of <u>FPG</u>	Sparrow <u>Financial Assistance Application</u> , Healthcare Recovery Scoring will not be utilized	<=200% FPG = 100% discount. >200% – 300% FPG = 50% discount
Ingham Health Plan Member Discount	Active member in IHP	None	100%
Medicaid ESO Member Discount	Active member in Medicaid ESO per CHAMPS	None	100%
Deceased	Receipt of death certificate	None	100%

<u>Healthcare Recovery Score Discount</u>	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%
---	--	---	------

FPG amounts are updated by February each year, by the Department of Health and Human Services (DHHS) and the Sparrow Financial Assistance policy FPG criteria is adjusted to reflect the annual updates.

The following FPG table defines the Sparrow Sliding Fee Discount based on income and family size:

Family Size	FPG	FPG 200%	FPG >200%	to	FPG 300%
	≤ 100%	Sparrow Discount 100%	Sparrow Discount 100%	Sparrow Discount 50%	Sparrow Discount 50%
1	\$ 13,590	\$ 27,180	\$ 27,181	\$ 40,770	
2	\$ 18,310	\$ 36,620	\$ 36,621	\$ 54,930	
3	\$ 23,030	\$ 46,060	\$ 46,061	\$ 69,090	
4	\$ 27,750	\$ 55,500	\$ 55,501	\$ 83,250	
5	\$ 32,470	\$ 64,940	\$ 64,941	\$ 97,410	
6	\$ 37,190	\$ 74,380	\$ 74,381	\$ 111,570	
7	\$ 41,910	\$ 83,820	\$ 83,821	\$ 125,730	
8	\$ 46,630	\$ 93,260	\$ 93,261	\$ 139,890	
each additional family member add as follows:					
	\$4,720	\$9,440	\$9,441	\$15,340	

• **Application Methods – NHSC Approved Sites**

The Sparrow Financial Assistance Application is attached to this policy as Exhibit A.

- a. For NHSC approved sites, approval for financial assistance is based on **income** and **family size**. The following Sparrow Medical Group locations are NHSC Approved Sites: Sparrow Medical Group Carson, Greenville, Ionia, Ithaca, Muir, Portland, Saranac, and Sparrow OB/GYN Carson City. (See Appendix D)
- b. Complete the Sparrow Financial Assistance Application and submit with income documentation:
 - If employed, three (3) recent pay stubs
 - Copy of Social security, pension, or other statements confirming income
 - Previous year's tax return (include Schedules related to business income/self-employment)
 - Documentation of non-wage income
 - If no income, please complete Basic Needs Verification Form
- c. Upon receipt of all supporting documentation, application will be reviewed by a Financial Counselor and approval or denial will be communicated to the applicant in a letter.

• **Application Methods – Sparrow Locations not on the NHSC Approved Sites list**

The Sparrow Financial Assistance Application is attached to this policy as Exhibit A.

- d. For Sparrow locations not on the NHSC approved list (see Appendix D) approval for financial assistance is based on income, family size, and assets. (Reference Appendix D for NHSC Approved Sites that exclude asset test)
- e. Complete the Sparrow Financial Assistance Application and submit with income documentation:
 - If employed, three (3) recent pay stubs
 - Copy of Social security, pension, or other statements confirming income
 - Previous year's tax return (include Schedules related to business income/self-employment)
 - Documentation of non-wage income
 - If no income, please complete Basic Needs Verification Form
- f. Financial Counselor reviews the patient's medical record to verify if patient had services at an NHSC approved site.
- g. Patients with no services at an NHSC approved site will receive communication to provide asset documentation. (Appendix E)
- h. Upon receipt of all supporting documentation, the application will be reviewed by a Financial Counselor and approval or denial will be communicated to the applicant in a letter.

- **Applications may 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 from a Financial Counselor at any Sparrow Hospital or by calling 517-364-6060.
- c. Request by contacting Sparrow Patient Financial Services at 517-364-7999.
- d. Sliding Fee Scale and applicable discounts will be provided to patients having services at an NHSC Approved Site. (Appendix D, NHSC Approved Site List)
- e. Assistance in completing applications can be obtained by contacting Sparrow Financial Counseling at 517-364-6060.
 - a. Applications are valid for one year at which time a new application will need to be submitted and re-evaluated for eligibility.
 - b. Financial counseling will review the application and supporting documentation and notify the applicant in writing of approval or denial
 - c. Individuals denied financial assistance under the provisions of the policy may request a review of determination.

- **Plain Language Summary**

- a. A [Plain Language Summary](#) of Sparrow's Financial Assistance Policy is attached to this policy as Appendix B.

- **Calculation of Uninsured Discount (AGB)**

- a. Health System uses the "look-back" method to determine AGB.
- b. 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.
- c. AGB percentages will be calculated separately for each Hospital but may be reduced to create a consistent discount % across all Sparrow locations.
- d. 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](#).
- e. FPG amounts are updated by February each year, by the Department of Health and Human Services (DHHS), and the Sparrow Financial Assistance policy FPG criteria is adjusted to reflect the annual updates.
- f. The maximum amount the patient is financially responsible for will not exceed the AGB for that service.
- g. Appendix C further explains the AGB calculation.

- **Publication of the Financial Assistance Policy**

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 Hospital (s).

- **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. If a patient expresses an unwillingness to pay or vacates the premises without paying for services, the patient will be contacted in writing regarding their payment obligations. If the patient has not applied for the sliding fee scale or discounts,

information regarding the Financial Assistance policy will be included with the notice. If the patient does not make effort to pay or fails to respond within 120 days, this constitutes refusal to pay and Sparrow can explore options including, but not limited to, offering payment arrangements, waiving of charges, or referring the patient to a collection agency.

- c. Reasonable efforts and collection tactics used by Sparrow are defined in the Patient Collection Policy. Copy is available at www.sparrow.org.

6.0 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	
9/2022		Update Family Definition Add FPL table in place of link Addition of Medicaid ESO Add Financial Counseling contact information on instruction Add Financial Counseling phone number Add medically necessary to scope	
11/10/2022		Update policy to meet scope of NHSC requirements	

7.0 : Related Policies: Patient Collections Policy, EMTALA Policy

8.0 References

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

APPENDIX A

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 Financial Counseling at 517-364-6060 and 4) the Financial Counseling Office at each Sparrow Hospital.

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, paycheck copies, and documentation of other income.

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, 3) returned to the financial counseling office at each Sparrow Hospital, or 4) faxing it to Sparrow Patient Financial Services at 517-253-6377.

Financial Assistance Application:

A Patient Information: *Please complete this section about the patient receiving care*

Patient Name: _____ DOB: _____

B Patient or Responsible Party (Guarantor): *Please complete this section about the person responsible for the medical bill*

Street Address: _____ Telephone: _____

City: _____ State: _____ Zip: _____ County: _____

Employer: _____

Full-time Part-time Retired Disabled Not Currently Working

Family Size: _____

Family Member Name	DOB (Used to match to family member to Sparrow medical record)	Does this family member earn income?

*attach another sheet if needed for additional household members

C Qualifying Income

Please list any Family member (s) who **earn income through employment.**

(attach another sheet if needed)

Household Member Name	Relationship to Applicant	Monthly Gross Income (before deduction)
		\$
		\$
		\$
Total Monthly Gross Income		\$

Please list any Family member (s) who **earn income through employment.**

(attach another sheet if needed)

Household Member Name	Relationship to Applicant	Monthly Gross Income (before deduction)
		\$
		\$
		\$
Total Monthly Gross Income		\$

Please document and provide proof of non-wage income received by household members who meet the definition of family in the Financial Assistance Policy.

Other Qualifying Income	Amount	Specify if Monthly or Yearly Amount
Income from Business or Self-Employment	\$	
Unemployment Compensation	\$	
Workers' Compensation	\$	
Social Security	\$	
Supplemental Security Income	\$	
Veterans' Payment	\$	
Survivor Benefits	\$	
Pension or Retirement Income	\$	
Interest, Dividend, or Royalty Income	\$	
Income from Rental Properties	\$	
Income from Estates and Trust	\$	
Child Support	\$	
Assistance from outside the household	\$	

D

Authorization

I hereby authorize the release of the information contained in this application to Sparrow Health System for the determination of my eligibility status for financial assistance in accordance with Sparrow policies and procedures. All information regarding family size and income documentation provided by me in this application is true, accurate and complete as shown. If it is determined at any time the information I provided was false or inaccurate, all financial assistance will be reversed, and I will accept responsibility for full and immediate payment of any, and all outstanding balances. I also agree to accept payment responsibility for any amount due after any partial financial assistance discounts.

Print Name: _____

Signature: _____ Date: _____

Please provide proof of income with your application:

- If employed, three (3) recent pay stubs
- Social security, pension, or annuity statement
- Previous year's tax return, include Schedules related to business income/self-employment
- Documentation of non-wage income
- If no income, please complete Basic Needs Verification Form

APPENDIX B

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

APPENDIX C
Amounts General Billed (AGB)

Amounts Generally Billed Calculation Sparrow Health System calculates the amounts generally billed (AGB) percentage using the “lookback” method. AGB is calculated by dividing the sum of all Medicare fee-for-service and private health insurers that have paid claims to the HFHS Facility during a 12-month period, by the sum of the associated gross charges for those claims, all in accordance with IRS Reg. Sec. 1.501(r)-5(b)(3). The AGB percentages will be updated annually. A consolidated AGB lower than some of the calculated facility will be used for simplicity. We will use the AGB for the Sparrow Health System listed below, 25%. January 2020 – December of 2020 data used to calculate AGB for FY 2021.AMOUNTS GENERAL BILLED (AGB).

January 2020 – December of 2020 data used to calculate AGB for FY 2021.

Location	AGB
Lansing	29%
Clinton	43%
Ionia	44%
Carson City	41%
Eaton	51%
SPARROW HEALTH SYSTEM	25%

APPENDIX D
NHSC Approved Sites

Financial Assistance for these Sites are based on income and family size only.

Sparrow Medical Group Carson
Sparrow Medical Group Greenville
Sparrow Medical Group Ionia
Sparrow Medical Group Ithaca
Sparrow Medical Group Muir
Sparrow Medical Group Portland
Sparrow Medical Group Saranac
Sparrow OB/GYN Carson City

APPENDIX E

Qualifying Asset Information for non-NHSC approved sites

Financial Counselor must review patient history and may only ask for qualifying assets if the patient **DOES NOT** have services at an NHSC Approved Site.

Type of Qualifying Asset Non-NHSC Sites	Amount
Cash	\$
Savings Accounts	\$
Checking Account	\$
Stocks, Bonds, Savings Bonds	\$
Certificates of Deposit (CD)	\$
Money Market Accounts	\$
Mutual Funds	\$
Other qualifying assets	\$
Total Qualify Assets	\$

The following are NOT considered assets for the Sparrow Financial Assistance Program:

- Primary residence
- Vehicles
- 401K, IRA, cash value of retirement plans/pension
- Reasonable assets used in a business
- College savings plans

Documentation is required to confirm qualifying assets.