

Title: Financial Assistance Policy

Department: Patient Financial Services



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 to individuals residing within the Sparrow Health System service area and includes Sparrow Hospital, Sparrow Carson Hospital, Sparrow Clinton Hospital, and Sparrow Ionia Hospital with some exceptions listed below. It covers Medically Necessary hospital services and professional services provided by Sparrow employed providers in the hospital and ambulatory settings.

The policy does not apply to services provided through Sparrow Fastcare and Sparrow Weight Management. It also excludes third-party liability claims.

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 but are not limited to: Emergency Medical Associates (Emergency Department Physicians, PA’s, NP’s), Professional Anesthesia Services (Anesthesiologists), Lansing Radiology Associates (Radiology Interpretation Physicians).

3.0 Definitions:

AGB-Amounts Generally Billed

FAA-Financial Assistance Application

FAP-Financial Assistance Policy

FPG-Federal Poverty Guidelines

Healthcare Recovery Score-A healthcare recovery score is a scoring modeled developed by a third-party vendor designed to predict an individual’s ability to pay medical bills.

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 Sparrow Hospital, Sparrow Clinton Hospital, Sparrow Ionia Hospital and all providers employed by those entities.

Uninsured-Uninsured patients are 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.

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
<u>Uninsured</u> Free Care	Household income<= 200% of <u>FPG</u>	Sparrow <u>FAA</u>	100%

<u>Uninsured Discount</u>	Uninsured patient > 200% of <u>FPG</u>	None	<u>AGB</u>
Insured Patient Tiered Discount	Household income up to 300% of <u>FPG</u>	Sparrow <u>FAA</u>	Tiered between 100% and 50%; balance not to exceed <u>AGB</u>
Ingham Health Plan Member Discount	Active member in IHP	None	100%
Deceased and/or Bankruptcy Discount	Receipt of death certificate or bankruptcy notice	None	100%
<u>Healthcare Recovery Score Discount</u>	Score < 650	None-Automatically screened prior to third-party collection action.	100%

- B. Detailed FPG and corresponding discounts are attached in Exhibit A to this policy.
- C. FPG amounts will be updated no later than March 1st each year, upon release by the Department of Health and Human Services in the Federal Register.

4.2 Application Methods

- A. The Sparrow Financial Assistance Application is attached to this policy as Exhibit B.
- B. Instructions for completing the Sparrow Financial Assistance Application are attached to this policy as Exhibit C.
- C. Applications can be obtained in several ways:
 - a. On the Sparrow website at www.sparrow.org/financialservices.
 - 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.

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 Sparrow Hospital, Sparrow Clinton Hospital, and Sparrow Ionia Hospital but may be reduced to create a consistent discount % across Sparrow.
 - c. 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 D.

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.

5.0 Revision History:

Date	Revision #	Changes	Referenced Section
01/01/16		New Policy	

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 A

FEDERAL POVERTY GUIDELINES AND CORRESPONDING DISCOUNTS

**Sparrow Health System
Uninsured and Insured Discount Criteria**

Family Size	Federal Poverty Guideline (FPG)	Free Care (200% and below FPG)	Discounted Care (201% to 300% of FPG)		
	(Dollars)	100% Discount	50% Discount (Patient Balance Due not to exceed AGB)		
1	\$12,140	\$24,280	\$24,281	to	\$36,420
2	\$16,460	\$32,920	\$32,921	to	\$49,380
3	\$20,780	\$41,560	\$41,561	to	\$62,340
4	\$25,100	\$50,200	\$50,201	to	\$75,300
5	\$29,420	\$58,840	\$58,841	to	\$88,260
6	\$33,740	\$67,480	\$67,481	to	\$101,220
7	\$38,060	\$76,120	\$76,121	to	\$114,180
8	\$42,380	\$84,760	\$84,761	to	\$127,140

AGB (Amount Generally Billed)		
Calculated as an Overall % of Charges		
Based on all Insured Claims Cleared in 2015		
	Actual AGB 2015	AGB % Applied in FAP
Sparrow Hospital	28.7%	25.0%
Sparrow Clinton Hospital	38.0%	25.0%
Sparrow Ionia Hospital	34.3%	25.0%

EXHIBIT B

FINANCIAL ASSISTANCE APPLICATION

Sparrow Health System

Community Financial Aid Information Request (A-1)

Account #'s: _____

Patient Name: _____ Name of Resp. Party: _____ Relationship to Patient: _____ Address: _____ City, State, ZIP: _____ Phone #: _____ Social Security #: _____ # of Dependents/Ages: _____ Employer: _____ Employment Status: Actively Employed _____ (Check all that apply) Unemployed _____ Retired _____ Disabled _____ Student _____ Pay Frequency: Weekly Bi-weekly Monthly	<u>Income Information-Monthly</u> <table><thead><tr><th><u>Source</u></th><th><u>Amount</u></th></tr></thead><tbody><tr><td>Gross Pay</td><td>\$ _____</td></tr><tr><td>Social Security</td><td>\$ _____</td></tr><tr><td>Pension</td><td>\$ _____</td></tr><tr><td>Unemployment</td><td>\$ _____</td></tr><tr><td>State/Federal Assistance</td><td>\$ _____</td></tr><tr><td>Contributions from Others</td><td>\$ _____</td></tr><tr><td>Student Loans/Grants</td><td>\$ _____</td></tr><tr><td>Total Income</td><td>\$ _____</td></tr></tbody></table> Please provide proof of all household income including: <ol style="list-style-type: none">Two current paystubsMost recent federal tax return (all schedules)Other supporting documentationLetter explaining how basic needs are met if zero income is reported.	<u>Source</u>	<u>Amount</u>	Gross Pay	\$ _____	Social Security	\$ _____	Pension	\$ _____	Unemployment	\$ _____	State/Federal Assistance	\$ _____	Contributions from Others	\$ _____	Student Loans/Grants	\$ _____	Total Income	\$ _____
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Unemployment	\$ _____																		
State/Federal Assistance	\$ _____																		
Contributions from Others	\$ _____																		
Student Loans/Grants	\$ _____																		
Total Income	\$ _____																		

I state that the above information is correct to the best of my knowledge. I permit Sparrow Health System to check any information to make sure it is complete and accurate. I approve the release of such information to Sparrow Health System, which will allow Sparrow to obtain a personal credit report for either the patient or person guaranteeing payment of the bill.

I understand that Sparrow Health System may provide me with discounted or free care. I further understand that if I choose to accept this care and later file a lawsuit (including any administrative proceeding or, arbitration) to recover money from Sparrow Health System or any of its member hospitals for any reason related to this care, any money I recover will be reduced by the amount of free care I received.

Patient or Responsible Party Signature

Date

For Hospital Use Only

Approved ____ Denied ____

Calculated Income \$ _____

Approval Signature Date

Approval Level 1 2 3 4

Total Acct. Balances \$ _____

Reason for Denial

Discount Amount \$ _____

Patient Balance \$ _____

EXHIBIT C

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 www.Sparrow.org/financialservices, 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 one-page 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 D

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 and application can be viewed at www.Sparrow.org/financialservices

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