

Subject: Discounts	Policy Number: PROV-ORC-004	
Department: Revenue Cycle	<input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Reviewed	Date: 07/01/2016
Executive Sponsor: Teresa Spalding – VP Revenue Cycle	Policy Owner: Kathryne Rouse, System Director Customer Support ORC	
Approved by: One Revenue Cycle (ORC) Leadership Council	Implementation Date: June 2014	

SCOPE:

This policy applies to Providence Health & Services (PH&S) ORC. This is an operational policy recommended by the VP Revenue Cycle, and approved by the ORC Leadership Council.

PURPOSE:

The purpose of this policy is to outline the limited circumstances under which discounts may be offered to patients/guarantors for services provided by a PH&S ministry, and the procedural and documentation requirements for any such discount. The policy is designed to reduce PH&S’s accounts receivables and the costs of debt collection, increase cash flow, and provide needed financial relief to those patients who cannot afford their medical bills.

POLICY:

PH&S will not use discounts to induce referrals for items or services reimbursable by any federal health care program, will not offer discounts to influence a federal health care program beneficiary’s choice of provider, and will not provide routine or automatic discounts on co-payments and deductibles.

PH&S may provide discounts to qualified patients/guarantors under the terms of this policy.

All discounts must be properly documented including the reason for the discount, dates of service and the amount of the discount. Where applicable, documentation should reflect the PH&S cost collection efforts (e.g., copies of bills, follow-up letters, reports of telephone and personal contact). Prompt pay and cost of collection discounts will not be claimed as bad debt or claimed under Medicare, Medicaid or other third-party payers.

This policy does not cover financial assistance under a PH&S Charity Policy or risk management or quality of service issue discounts.

PH&S employees and their immediate family members, physicians on the medical staff(s) at any PH&S facility and insiders (board members, representatives of vendors and unions, or any other party having a material relationship with PH&S) are not eligible for additional discounts outside this policy. For prompt pay discounts, these individuals must be treated identically to all other patients receiving prompt pay discounts from that PH&S ministry.

PH&S will not disclose or advertise discounts in promotional materials, but may communicate the availability of discounts to qualified patients/guarantors during the ordinary course of dealing with

patients/guarantors (e.g., through collection efforts including personal contact and billing statements and/or on fees and billing brochures).

PH&S will ensure that its cost report reflects full uniform charges.

PROCEDURE:

1. Patients/guarantors may be offered various options to resolve the account after qualification. These options may include payment plans and/or discounts under this policy including:

- i. Uninsured discount
- ii. Prompt pay discount
- iii. Financial hardship discount
- iv. Cost of collection discount

2. Qualification for discounts include:

- a) Uninsured discount - the patient/guarantor is confirmed as uninsured or is not covered by his/her insurance for services provided by PH&S which PH&S considers medically necessary (e.g. coverage is denied as the service is not a covered service, coverage is denied as not reasonable and necessary under payer coverage policy, or benefits are exhausted).
- b) Prompt pay discount - the patient/guarantor pays his/her account balance in full within sixty (60) days of the first statement, qualifying for a prompt pay discount.
- c) Financial hardship discount - the patient/guarantor demonstrates financial hardship taking into account factors such as:
 - i. The local cost of living
 - ii. The patient/guarantor’s income, assets, and expenses
 - iii. The patient/guarantor’s family size; and
 - iv. The scope and extent of the medical bills
- d) Cost of collection discount - the patient/guarantor does not qualify for charity but declares an inability to pay and reasonable collection efforts by PH&S have demonstrated the person is unlikely to pay in full timely without a discount such that the cost of collection activities is expected to exceed the amount of the offered discount.

3. Prompt pay, financial hardship and cost of collection discounts are applied after insurance, charity and uninsured discounts where applicable.

4. After qualification, the following discount scale may apply to account balances remaining after insurance, charity and uninsured discounts where applicable:

Patient/Guarantor Account Balance	Discount Percentage
\$500 – \$2,999.99	5%
\$3,000 – \$9,999.99	10%

\$10,000 +	15%
------------	-----

5. If it is determined that the patient/guarantor has insurance or other coverage after the uninsured discount has been taken, the discount will be reversed. Insurance will then be billed the original charge for the service.
6. Uninsured discounts will not be reversed due to non-payment of an account.
7. Balances that have been forwarded to a collection agency are not eligible for discounts under this policy.
8. Reasonable payment plans will be offered as outlined below:

Balance:	Minimum	Mid-Range	Maximum
\$1-\$299.99	3	4	5
\$300-\$499.99	5	7	9
\$500-\$999.99	7	9	12
\$1,000-\$2,999.99	9	12	18
\$3000 +	12	18	24

- a) Patients/guarantors meeting the terms of an agreed payment plan will not be assigned to a collection agency.
- b) Lack of communication from a patient/guarantor about being unable to comply with a payment plan may result in further account collection action.
- c) Payment plans extending beyond the above timeframes with inadequate security or documentation may be forwarded to a collection agency for extended payments. These may be interest free with no legal action pursued as long as the payment plan terms are met.

DEFINITIONS:

For the purposes of this policy the following definitions and requirements apply:

Discount: This includes full or partial write-offs of co-payments, deductibles, or percentages of amounts due PH&S, separate to charity or risk management or quality of service issue discounts or adjustments.

Cost of Collection Discount: Account balances may be discounted where reasonable collection efforts have failed and the cost of collection activities is expected to exceed the amount of the offered discount.

Financial Hardship Discount: A hardship discount is a discount provided to a qualified patient/guarantor who does not have the financial resources to pay in full any account balance remaining after insurance, charity and uninsured discounts where applicable.

Prompt Pay Discount: A prompt pay discount is a discount to a patient/guarantor to encourage the timely settlement of the PH&S account to reduce burdensome collection costs. A prompt pay discount is only available on account balances within sixty (60) days of the first statement.

Uninsured Patient/Guarantor: A patient/guarantor is uninsured or is not covered by his/her insurance for services provided by PH&S, which PH&S considers to be medically necessary (e.g. coverage is denied as the service is not a covered service, coverage is denied as not reasonable and necessary under payer coverage policy, or benefits are exhausted).

Uninsured Discount: Under this policy an uninsured patient/guarantor may be eligible for a discount for medically necessary PH&S services subject to confirmation of his/her uninsured status.

REFERENCES:

Providence Policies:

PROV-FIN-519 Discounts for Health Services
PROV-ORC-002 Bad Debt Assignment
PROV-ORC-003 Self Pay Financial Assistance – Uncollectible Charity
Providence Charity Policies

Statutory/Regulatory Source:

OIG Special Fraud Alert “Routine Waiver of Medicare Part B co-payments and deductibles”
OIG Special Advisory Bulletin “Offering Gifts and Other Inducements to Beneficiaries”
OIG Advisory “Hospital Discounts Offered to Patients Who Cannot Afford to Pay Their Hospital Bills”

Other:

OIG Advisory Opinion No. 08-03 regarding Prompt Pay Discounts