

Does Your Hospital's Financial Assistance Policy Meet New Regulatory Requirements?



The following checklist can help you measure your hospital's current Financial Assistance Policy against the proposed regulations implementing Section 501(r) of the Internal Revenue Code. Each requirement references specific IRS examples. Visit the PYA Healthcare Tax Services Group link at www.pyapc.com for the FAP Appendix documenting each example.

Financial Assistance Policy (FAP) Requirement	Complete	In-Progress	References (FAP Appendix)
I. GENERAL			
1. FAP applies to all emergency and other medically necessary care provided in the hospital facility by the hospital or a "substantially related entity."			
2. Hospital maintains list of all providers delivering medically necessary care in the facility and notes providers who are/are not covered by the FAP. ¹			
3. FAP and collections policy receive formal approval from hospital's board or board committee.			
4. Hospital applies FAP consistently.			
II. DISCOUNTS AND ELIGIBILITY			
1. Hospital specifies, at a minimum, all financial assistance available under its FAP (e.g., discounts, free care) and any other discounts the hospital reports as "financial assistance" on Schedule H of Form 990, considered community benefit for cost-reporting purposes, or accounted for in determining tax-exempt status.			
2. If discounts are offered, FAP specifies the amount(s) (e.g., gross charges) to which the discount is applied.			See Examples 1 and 2
3. FAP specifies all eligibility criteria individuals must satisfy to receive financial assistance.			See Examples 1, 2, and 8
III. AMOUNTS GENERALLY BILLED (AGB)			
1. FAP states that eligible individuals will not be charged more for emergency or other medically necessary care than the amounts generally billed to individuals who have insurance coverage (AGB).			See Examples 1 and 2
2. FAP defines the method used to calculate AGB.			Same
3. AGB calculation uses the "look-back" method or the "prospective Medicare" method.			Same
4. If using the AGB "look back" method, FAP lists percentage(s) and how they are calculated or includes explanation for how to obtain this information in writing, free of charge.			See Examples 1 and 2
IV. METHOD OF APPLYING FOR ASSISTANCE			
1. FAP explains how individuals may apply for financial assistance.			See Example 3
2. Plain language summary includes: a description of the application process, appropriate times to apply for financial assistance, and contact information for a hospital office (or at least one nonprofit or government agency) that can provide assistance with the application process.			Same
3. FAP or application form lists information and documentation required.			Same
4. FAP states that hospital cannot deny assistance due to applicant's failure to provide information or documentation not specified in the FAP or application.			Same

Financial Assistance Policy (FAP) Requirement	Complete	In-Progress	References (FAP Appendix)
V. NON-PAYMENT (Included in FAP, or billing and collections policy, made available free of charge.)			
1. FAP describes any process and timeframes the hospital (or authorized party) may use to obtain payment of a bill, including but not limited to, “reasonable efforts” and any “extraordinary collection actions” (ECAs). ²			See Examples 4-11
2. Hospital uses “reasonable efforts” ³ to determine whether individual is eligible under FAP before using any ECAs.			Same
3. Before pursuing ECA(s), hospital notifies patients of the FAP with: (i) a plain language summary and application before discharge and in one post-discharge mailing; (ii) “conspicuous written notice” (availability of FAP, phone number for assistance, and URL for FAP documents) with every bill during the 120 days post-discharge; (iii) oral notice of intended ECA(s) during all oral communications with patients against whom ECA(s) are intended; and (iv) at least one written notice of intended ECA(s).			Same
4. Hospital notifies the patient of the FAP before initiating any ECA(s) and refrains from initiating any ECA(s) for at least 120 days from the date of the first post-discharge billing statement.			See Examples 4, 7, and 10
5. Hospital provides notice—informing the individual of potential ECA(s) if the individual does not submit or complete a FAP application or pay the amount due by a deadline specified in the notice—to an individual 30 days before the ECA.			Same
6. FAP spells out the office, department, committee, or other body that has the final authority or responsibility for determining whether the hospital has made reasonable efforts to determine if an individual is FAP-eligible before the hospital engages in ECAs.			
VI. WIDELY PUBLICIZING THE FAP			
1. Hospital implements measures to widely publicize the FAP in the community it serves, including on the Hospital’s website.			See Examples 12 and 13
2. Hospital makes available on request, free of charge, by mail or at the hospital (in at least the emergency department [ED] and admissions): FAP, application, and plain language summary in paper form in English and the primary language of any population with limited English proficiency that constitutes 5% or more of the population the hospital serves.			Same
3. Hospital informs visitors of FAP through conspicuous public displays (in at least the ED and admissions) or other measures to attract visitor attention.			Same
4. Hospital informs the community about the FAP in a manner reasonably calculated to reach community members most likely to require assistance.			Same

¹ Pursuant to IRS-issued guidance in July 2015, the list may be maintained in a separate document (appendix), in which case the FAP must explain how the public can access the separate provider list. The list should be updated at least quarterly. An update of the list will not constitute a revision that requires formal approval by the authorized body of the hospital facility.

² ECAs include, but are not limited to, placing a lien or foreclosure on an individual’s property, attaching or seizing an individual’s bank account or any other personal property, garnishing wages, filing a civil lawsuit, or causing an individual to be arrested or subject to writ of body attachment. ECAs also may include deferring, denying, or requiring payment before providing medically necessary care; however, these ECAs are subject to specific, alternative notice requirements outlined in the regulation.

³ “Reasonable efforts” include: (i) notification to individual of FAP, (ii) specific procedures for incomplete applications, and (iii) procedures for complete applications.

