

# **IRC 501(r) and the Financial Assistance Policy... Are YOU Ready?**

**Lou Ann Watson, CRCE  
Financial Assistance Director  
AAHAM Health Insurance Institute  
Orlando, FL  
August 13, 2015**



# What do you know?

1. IRC 501(r) regulations were made final and released by the IRS in 2014.
  - a. True
  - b. False
  
2. IRC 501(r) regulations affect all hospitals in the state of Florida.
  - a. True
  - b. False



# What do you know?

3. IRC 501(r) addresses the following for tax exempt hospitals:
  - a. Financial Assistance Policy(FAP)
  - b. Limitations on charges and billing and collection practices
  - c. CHNA - Community Health Needs Assessment
  - d. A and B
  - e. All of the above
  
4. The financial assistance policy has other supporting documents:
  - a. Plain Language summary of the FAP
  - b. FAP application form
  - c. FAP application instructions
  - d. All of the above
  - e. A and B



# What do you know?

5. AGB stands for:
- a. Account Gross Balance
  - b. Amount Generally Billed
  - c. Always Give Back



6. 2015 is a transition period for hospitals to adopt compliance with the final regulations as they will not be applicable until taxable years after Dec 29, 2015.

For earlier years, hospitals may rely on a reasonable, good faith interpretation of the proposed statute.

- a. True
- b. False

# What do you know?

7. In regards to your knowledge of the IRC 501(r) requirements, would you consider yourself to be:
  - a. Ready to conduct audits for the IRS
  - b. Knowledgeable enough to be dangerous
  - c. In the wrong job
  - d. None of the above...what's the 501 r??
  
8. IRC 501(r) was enacted under the Patient Protection and Affordable Care Act (PPACA) to
  - a. justify 501(c)(3) status for not for profit hospitals
  - b. provide more transparency and consistency in assisting uninsured/underinsured patients
  - c. protect IRS staff from layoffs
  - d. a and b
  - e. None of the above



# What do you know?

**9. Which methods should be used to widely publicize the FAP?**

- a. Hospital website**
- b. Plain language summary**
- c. Translations**
- d. Paper copies**
- e. Signage**
- f. All of the above**
- g. a, b, e**



**10. Final regulations lower the LEP (limited English proficiency) threshold to the lesser of 1,000 individuals or 5% of the community served by the hospital.**

- a. True**
- b. False**

# What do you know?

11. Where are you with implementation?

- a. Clueless
- b. Not sure where to begin
- c. Herding cats
- d. Rounding the curve and heading into the home stretch
- e. Done and relaxing at the beach

12. How many presentations have you attended about the IRC 501(r)?

- a. I'm a little behind...today is my first
- b. 2 or 3 but who's counting...
- c. Lost count in March
- d. As many as I've seen offered



**What are you expecting/looking for from this presentation???**

# What is everyone else doing?

**Non-scientific review of 14 hospital websites – 8 ranked in the 50 top grossing not for profit hospitals in 2013**

**BayCare**

**Florida Hospital**

**Lee Memorial**

**Massachusetts General**

**Orlando Health**

**Stanford**

**UF Shands**

**Cleveland Clinic**

**Jackson Memorial**

**Martin Memorial**

**New York Presbyterian**

**Sarasota Memorial**

**Tampa General**

**University of Texas – MD  
Anderson**





# Let's hear from you...

**What are you struggling with?**

**What have you implemented?**

**What are you proud of?**

**What's left to do?**



# What keeps ME up at night...

Oral notification - reasonable effort before ECA's

Refunds - payment plans with third party "credit card, registration focus on collections

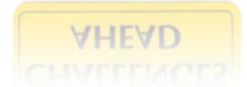
Establishing "other medically necessary care"

Other providers

Translations

Written notification of eligibility - automate and have significant return mail??

Insert some "safeguards" to alleviate people with high available assets



# Examples of Financial Assistance Policies on the web

<https://baycare.org/>

<https://my.clevelandclinic.org/>

**Will you share yours?**

## Financial Assistance Policy Summary



All BayCare hospitals are committed to meeting the health care needs of the communities we serve. Emergency medical care is provided to everyone, regardless of ability to pay or lack of insurance.

We realize that paying for medical bills may be difficult. If you are unable to pay your bills, apply for financial assistance by completing an application with all required information. Get an application and the full Financial Assistance Policy in English or Spanish at any BayCare hospital, online at [BayCare.org/FinancialAssistance](http://BayCare.org/FinancialAssistance), or by calling (855) 233-1555. We may use your application to identify eligible health insurance and other Medicaid, disability, victims of crime, COBRA, etc. It is important for the hospital and the patient to work together to solve payment issues.

Once we review your completed Financial Assistance Application, your obligations to us end if your annual household income is less than 200% of the current federal poverty level and no additional insurance payments are expected. This does not include flat rate pricing packages and cosmetic procedures. If you qualify for financial assistance, all collection efforts will stop.

For more information  
contact the Financial  
Assistance team:  
**(855) 233-1555**





**FINANCIAL ASSISTANCE POLICY SUMMARY**

St. Joseph's Hospital is committed to meeting the health care needs of the communities we serve. Emergency medical care is provided to everyone, regardless of ability to pay or lack of insurance.

We realize that paying for medical bills may be difficult. If you are unable to pay yours, apply for financial assistance by completing an application with all required information. Get an application and the full Financial Assistance policy, in English or Spanish, at St. Joseph's Hospital 813-357-1628, www.baycare.org or by calling (888) 233-1955. We may use your application to identify available health insurance including Medicaid, disability, victims of crime, COBRA, etc. It is important for the hospital and the patient to work together to solve payment issues.

Once we receive your completed Financial Assistance Application, your obligations to us end if your annual household income is less than 250% of the current federal poverty level and no additional insurance payments are expected. This does not include flat rate pricing packages and cosmetic procedures. If you qualify for financial assistance, all collection efforts will stop.

For more information contact the Financial Assistance team: (888) 233-1955.

**BILLING QUESTIONS:**

Customer Service:  
813-357-1628

**OFFICE HOURS**  
8:00 a.m. - 4:00 p.m. Monday thru Friday  
Automated 24 Hour Service

To Pay Online: baycare.org/pay-my-bill

PH-102-50

STATEMENT DATE 03/20/2015	ACCOUNT NUMBER	SERVICE DATE 01/02/2015 - 01/05/2015
PATIENT NAME		DUE DATE Upon Receipt
INSURANCE 1: Uninsured		PATIENT TYPE Inpatient
Reason for Visit: The items below are for MEDICINE performed at St. Joseph's Hospital on 01/02/2015.		

DATE	DESCRIPTION	AMOUNT
03/18/2015	Total Charges (See Charge Summary on Back)	\$18,438.12
	Adjustment	-\$7,375.25
	Amount Due	\$11,062.87

This bill contains charges for hospital services only.  
Charges for physician's services related to your care will be billed separately.  
\* NOT FOR PROFIT HOSPITAL, LICENSED BY THE STATE OF FLORIDA

**Please Pay This Amount** **\$11,062.87**

**Important Message Regarding Your Account**

A 40% uninsured discount has been applied to your account. If you pay the balance in 30 days, please reduce your payment by an additional 10% of the total charge. To Pay Online: baycare.org/pay-my-bill. Customer Service: 813-357-1628. Office hours: 8:00 a.m. - 4:00 p.m., Monday thru Friday, 24 hour automated service.

Please make checks payable to: ST. JOSEPH'S HOSPITAL

Please return BOTTOM portion in supplied envelope. Any changes to Address, Insurance, etc. should be noted on the back of the coupon below.

PH-102-50



**PROCESSING CENTER**  
PO BOX 20888  
TAMPA FL 33622-0888

We can only process multiple hospital accounts or locations if the corresponding coupon is attached.

Please make checks payable to: ST. JOSEPH'S HOSPITAL



000000004 3986 730013062870302156 SP1

**IF PAYING BY CREDIT CARD, CHECK BOX & FILL OUT BELOW**

Visa   
  Mastercard   
  Discover   
  American Express

Card Number: \_\_\_\_\_

Print Name: \_\_\_\_\_ Amount Paid: \_\_\_\_\_

Signature: \_\_\_\_\_ Exp. Date: \_\_\_\_\_

DUE DATE	AMOUNT DUE	ACCOUNT NUMBER
Upon Receipt	\$11,062.87	

ST. JOSEPH'S HOSPITAL  
PROCESSING CENTER  
PO BOX 20888  
TAMPA FL 33622-0888



13883-07-001-2



**In 2010 when the ACA was passed...  
2014 seemed like a long way off...**

**And now 2015  
is over half over...**

**The problem is...you  
think you have time..**



# TO DO...FAP

- **Define who qualifies for assistance - uninsured, underinsured, balance after insurance...**
- **Determine process to determine/or definition "medically necessary care"**
- **Free care and/or discounts/method for calculating amounts generally billed**
- **Consult with tax advisors and seek legal counsel - tax exempt status could be at risk**
- **Educate leadership and departments/committees(audit, finance, compliance)**

# TO DO...FAP

- **Use of 3rd party information(credit reports) or presumptive eligibility from past**
- **Develop internal audit and compliance plans and measures**
- **Review existing FAP for final rule requirements/modify if needed**
- **Approval of FAP by authorized internal entity**
- **Develop and implement plan to widely publicize FAP**
- **Determine if hospital owned physician practices are covered under the FAP**



# TO DO...FAP

- **Determine if FAP needed in additional languages - lesser of 5% of population or 1,000 individuals**
- **Website publication of policy, plain language summary and application**
- **Paper copies of all available in admission areas and emergency room**
- **Notification of the FAP thru public displays**
- **Offer plain language summary at admission or discharge**

# TO DO...FAP

- **Billing statements required to notify patients of FAP including phone # and web address where documents are available**
- **Community notification to those most likely to need financial assistance - reference CHNA**

## REMEMBER

**Hospitals can define their own eligibility requirements but no one can be denied for reasons not stated in the policy. For example - if there is no asset criteria in application - cannot deny for that.**

# **TO DO...**

## **BILLING AND COLLECTIONS**

- **Review billing and collection policies for compliance**
- **Involve collection agencies regarding ECA's that can be taken**
- **Ensure all reasonable efforts are made to determine FA eligibility before ECA's**
- **Post discharge billing - 120 days**
  - Billing statements have notification of FAP**
  - One written notice about intended ECA(legal or judicial process) if no FAP application or unpaid**
  - Reasonable effort to orally notify of FAP before ECA's**

# TO DO...

## BILLING AND COLLECTIONS

- **Application period may extend to 240 days**
  - Must process FA applications**
  - Suspend ECA's for incomplete applications**
- **FAP eligible**
  - refund any payments made by the patient > \$5**
  - Provide written notification of eligibility**
  - Take reasonable measures to reverse any ECA's**



# For your reading pleasure...

[www.floridaaaham.com/education.html](http://www.floridaaaham.com/education.html)

501(r) Final Rule A new era in Self Pay

3/3/2015

[www.irs.gov/irb/2015-5\\_IRB/ar08.html](http://www.irs.gov/irb/2015-5_IRB/ar08.html)

IRS Final rule

2/2/2015

[www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/taxnewsflash/Documents/501r-exo-jan14-2015.pdf](http://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/taxnewsflash/Documents/501r-exo-jan14-2015.pdf)

Final Regulations Issued under Section 501(r)

1/14/2015

[www.natlawreview.com/article/irs-finalizes-regulations-under-section-501r](http://www.natlawreview.com/article/irs-finalizes-regulations-under-section-501r)

IRS Finalizes Regulations Under Section 501(r)

1/22/2015

[www.federalregister.gov/articles/2014/12/31/2014-30525/additional-requirements-for-charitable-hospitals-community-health-needs-assessments-for-charitable](http://www.federalregister.gov/articles/2014/12/31/2014-30525/additional-requirements-for-charitable-hospitals-community-health-needs-assessments-for-charitable)

Federal Registry publication

12/31/2014

# WHERE DO WE GO FROM HERE?



**Lou Ann Watson, CRCE**  
**Financial Assistance Director**  
**BayCare Health System**  
**(727) 709-6083**  
**[louann.watson@baycare.org](mailto:louann.watson@baycare.org)**  
**[www.baycare.org](http://www.baycare.org)**