



Offering Financial Assistance to Newly Uninsured Patients

With planning, you can be prepared to assess financial need, provide discounts and share helpful resources.

CINDY HUGHES, CPC

As businesses cut jobs and benefits including health insurance, patients may come to your practice with financial problems in addition to their medical ones. Assisting these patients without hurting your practice requires a little prevention and pre-planning and some extra attention from your office staff. The good news is that the policies and procedures you put in place during these tough times will lay a foundation for the future that allows you to provide comprehensive services while protecting your practice's finances and complying with billing regulations.

Discounts for cash-paying patients

The first thing you should know is that physicians *can* offer discounts to patients who cannot afford to pay. This is not a violation of the Medicare anti-kickback statute as long as the practice does so based on the individual patient's financial need and documents the need in accordance with established policy.

This policy should include verifying the patient's

household income, expenses and available assets. A form like the one shown on page 27 can be used to obtain this information. (You can download a modifiable version from the online version of this article at <http://www.aafp.org/fpm/20090900/26offe.html>.) Practices should designate a person to review the information, verify current income (for instance, by checking a previous year's tax return, current paycheck stub or unemployment benefits) and determine whether a complete write-off, percentage discount or payment plan would be appropriate.

The federal poverty guidelines are a good basis for establishing your standards for providing discounted or free care; you can view them online at <http://aspe.hhs.gov/poverty/09poverty.shtml>. For example, you might choose to provide discounted services to uninsured patients who pay at the time of service and whose family income is less than 300 percent of the poverty level for their family size. You might offer a 20 percent discount to those with family incomes between 200 percent and 300 percent of the poverty level and larger discounts to those closer to the poverty level. ►

SAMPLE PATIENT FINANCIAL HARDSHIP APPLICATION

ABC Family Medicine abides by the contractual and legal obligations of health benefit plans to collect charges, co-pays, co-insurance and deductible amounts owed by patients. Recognizing that circumstances may arise where an individual is unable to pay in full at the time of service, we have adopted a policy of screening requests for discounts, delayed payment plans or forgiveness of debt based on individual circumstances. To do this, we must ask for certain financial information. *All information will be held confidential according to our privacy policy.* Please provide the documents listed below for each adult family member, and complete this form to the best of your ability:

- A copy of last year's federal tax return;
- Copies of the two most recent payroll stubs or unemployment benefit payments;
- If income is close to or below the poverty level, documentation that state medical assistance has been applied for and denied.

Patient name: _____ Patient date of birth: _____

Your name: _____ Name of other responsible party: _____

Number of dependents in household: _____ Number in school: _____

Phone: _____

E-mail: _____

Type of assistance requested

- Reduced deductible Reduced co-pay/co-insurance Discounted cash services
 Payment plan Debt forgiveness

Employment/unemployment information (for each adult family member)

Name: _____ Employer: _____

Address: _____

Phone: _____

Employer: _____

Address: _____

Phone: _____

Name: _____ Employer: _____

Address: _____

Phone: _____

Employer: _____

Address: _____

Phone: _____

If unemployed, please state when employment was terminated. If lay-off is temporary, indicate expected duration:

Assistance received

- State financial assistance WIC Food stamps CHIP



Property/investment values

| | Address or description | Value |
|-------------------------|------------------------|-------|
| Home | | \$ |
| Other real estate owned | | \$ |
| Land | | \$ |
| Business | | \$ |
| Livestock | | \$ |
| Savings/stocks/bonds | | \$ |
| Other investments | | \$ |

Notes: _____

Please complete the information in the following table based on average income and expenses over the last 12 months. For amounts paid annually, enter annual amount divided by 12.

Household financial information

| Monthly income (after payroll deductions) | | Monthly expenses (not including payroll deductions) | |
|--|-----------|--|-----------|
| Employment | \$ | Mortgage/rent | \$ |
| Unemployment/severance | \$ | Auto/transportation | \$ |
| Self-employment | \$ | Non-reimbursed work expenses (e.g., parking, tools) | \$ |
| Interest/dividends | \$ | Insurance (e.g., life, homeowners) | \$ |
| Pension/disability | \$ | Utilities (e.g., lights, water, gas, trash) | \$ |
| Child support/alimony | \$ | Medications | \$ |
| Short-term disability | \$ | Childcare | \$ |
| Long-term disability | \$ | Credit cards | \$ |
| Rental income | \$ | Child support/alimony | \$ |
| Other income: | \$ | Personal property taxes (home, auto) | \$ |
| | \$ | Other expenses: | \$ |
| | \$ | | \$ |
| Total average income | \$ | Total average expenses | \$ |

By my signature below, I certify that this information is true and complete. I grant this office permission to verify the information, and I acknowledge that completion of this form does not guarantee discount, payment plan or forgiveness of debt.

Signed: _____ Date: _____

Reviewed by: _____ Date: _____

Approved for: _____

Next review date: _____

Physicians *can* offer discounts to patients who cannot afford to pay.

When developing your financial hardship discount program or other programs designed to aid those in need of medical care, be sure to review your practice's financial reports to determine the percentage of patients who do not have insurance and the amount of your charges already written off to bad debt or charity. Then consider whether systematically providing financial hardship discounts is financially viable. Keep in mind that such a program might also reduce the amount of bad debt in your practice and the overhead associated with trying to collect it.

Insurance options

Patients who lose their jobs may need information to help them make good financial decisions during tough times. To some patients it may seem crazy to pay a COBRA premium to extend their insurance coverage when money is tight. (The Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, allows certain individuals the option of temporarily continuing the group health coverage that they had received from their employer.) However, COBRA insurance may seem a more realistic option to those who understand that they would pay their former employer only 35 percent of the premium; the remaining 65 percent is reimbursed to the employer through a tax credit established as part of this year's economic stimulus bill. Maintaining continuous coverage can prevent exclusion of benefits for pre-existing conditions under future policies. You and your

staff can help by referring patients to the web sites listed in "Resources for patients without insurance coverage," below.

Finally, it is helpful to establish a relationship with your local health department as well as with federally qualified health centers and free clinics in your area. Be ready to share information about these entities and the services they offer. If possible, keep handouts in your waiting area and at the scheduling desk so the information is readily available when needed. You may be able to acquire patient information handouts directly from these groups.

The article on page 21 describes comprehensive strategies that Robert Forester, MD, and Richard Heck, MD, have used to keep costs down in their cash-only practice. Half of their patients are uninsured, so the authors have honed their skills at providing cost-effective care. If you have other ideas and resources, we hope you'll share them. These are hard times for many patients, and family physicians play a key role in the nation's health care safety net. **FPM**

It's permissible to offer discounts to uninsured patients based on financial need, as long as you take a systematic approach.

Be prepared to help your patients understand COBRA benefits and guide them to other options, including free and low-cost health services in your area.

Send comments to fpmedit@aafp.org.

RESOURCES FOR PATIENTS WITHOUT INSURANCE COVERAGE

Getting Covered: Finding Insurance When You Lose Your Job
<http://www.familiesusa.org/assets/pdfs/getting-covered.pdf>

State Guides to Finding Health Insurance (includes information on state Medicaid, CHIP and high-risk pools)
<http://www.familiesusa.org/resources/resources-for-consumers/guides-for-finding-health.html>

United States Department of Labor Employment Benefits Security Administration
<http://www.dol.gov/ebsa/COBRA.html>

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