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Director of  
Revenue Cycle  
Area Patient Financial  
Services.

## Financial Assistance

### 1. PURPOSE

The mission of McPherson Hospital, Inc. (the "Hospital") and affiliated Rural Health Clinic (the "Clinic") is to provide superior healthcare and exceptional service for each person, every time. In order to fulfill that mission and to provide for community needs, it is the policy of McPherson Hospital and Clinic to provide emergency or other medically necessary care to all patients regardless of their ability to pay. The primary beneficiaries of this Financial Assistance Policy (the Policy) are intended to be uninsured and underinsured patients requiring emergency and medically necessary care when their annual Family Income does not exceed 200% of the Federal Poverty Guidelines as published by the U.S. Department of Health and Human Services.

### 2. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

- a. **"Applicant"** is the person who applies for financial assistance. Generally, this is the patient. If the patient is a minor child or has a legal guardian, the applicant is the parent or legal guardian of the patient.
- b. **"Amount Generally Billed"** or **"AGB"** means, with respect to emergency or other medically necessary care, the amount generally billed to individuals who have insurance covering such care.
- c. **"Assets"** are resources or property easily convertible to cash and not required for the patient's daily living needs. Examples include, but are not limited to:
  - i. Monies in a checking account
  - ii. Monies in a savings account
  - iii. Monies in a Certificate of Deposit (CD)

- iv. Cash in a safety deposit box, personal safe, and/or cash on hand
- v. Stocks and/or Bonds and/or their investments

The following are excluded from the definition of assets: equity in a primary residence, retirement plan accounts owned by the patient or patient's spouse, irrevocable trusts for burial purposes, and federal or state administered college savings plans.

- d. **"Community"** means McPherson County, a metropolitan statistical area as defined by the United States Office of Management and Budget.
- e. **"Days"** - All references to days will mean calendar days unless otherwise specified therein.
- f. **"Dependent"** - A spouse, minor child, or parent who relies on a family member for his/her support (see definition of Family).
- g. **"Emergency Medical Condition"** - Pursuant to 42 U.S.C. §1359dd, an emergency medical condition is defined as a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain, psychiatric disturbances, and/or symptoms of substance abuse) such that the absence of immediate medical attention could reasonably be expected to result in
  - i. Placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy
  - ii. Serious impairment to bodily functions, or
  - iii. Serious dysfunction of any bodily organ or part
- h. **"EMTALA"** is the Emergency Medical Treatment and Active Labor Act (42 U.S.C. §1359dd)
- i. **"Extraordinary Collection Actions"** - Collection actions, as defined by IRC Section 501 (r), including: i) certain sales of a patient's debt to another party, ii) reporting adverse information about the patient or guarantor to consumer credit reporting agencies or credit bureaus, iii) deferring or denying, or requiring payment before providing, medically necessary care because of an individual's nonpayment of bills for previously provided care, and iv) actions that require a legal or judicial process, including but not limited to: liens on property or residences, foreclosures on property, seizure of bank accounts, civil actions against an individual, causing an individual's arrest, and garnishment of an individual's wages.
- j. **"Family"** includes all persons who are legally responsible for the financial obligations of the patient as well as all persons for whom the patient is legally responsible. Family also includes anyone who has claimed the patient as a Dependent on his/her most recent federal income tax return, and/or anyone who claims the federal earned income tax credit for the patient. Spouses are included, including individuals in civil unions, domestic partnerships, and same sex marriages. Common law marriages are included in the Family definition if the couple meets all of the following conditions:
  - i. They agree that they are married
  - ii. They are legally eligible to marry, and
  - iii. They represent themselves or hold out to others that they are married to one another

Family members may or may not live in the same home as the patient. Spouses who live apart, but who are not divorced are included with separate addresses, separate financial accounts, and separate income tax returns.

For the purposes of this Policy, Family does not include: 1) non-custodial parents who are not legally obligated to support the patient and who do not claim the patient as a Dependent; and 2) adult children (age 18 or over) or siblings with no financial responsibility for the patient.

- k. **"Family Income"** - Family Income includes the income of all persons defined as family members (see definition of Family). Family income includes, but is not limited to: salaries and wages (before taxes and deductions), unemployment compensation, self-employment income, child support, educational scholarships and grants, Medical Support Obligations, alimony, social security income, disability payments, pension or retirement income, rents, royalties, income from estates and trusts, legal judgments, and dividends and interest earnings.
- l. **"Federal Poverty Guidelines"** are updated annually in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current guidelines can be referenced at <http://aspe.hhs.gov/POVERTY/>.
- m. **"Financial Assistance"** is defined as free or discounted health care services provided to persons who cannot afford to pay all or a portion of their financial liability and who meet the Hospital's financial assistance policy criteria.
- n. **"Gross Charges"** are McPherson Hospital's fully established rates and total charges for the provision of patient care services before contractual allowances, adjustments, or discounts are applied.
- o. **"Medical Hardship"** is defined as significant out-of-pocket obligations or otherwise oppressive and difficult circumstances in a person's life that make reasonable efforts for repayment of debt a sincere life burden. These catastrophic circumstances only apply for eligible services that were provided by McPherson Hospital.
- p. **"Medical Support Obligation"** is the obligation of either or both parents to provide health insurance coverage for a dependent child and/or to pay a monetary sum toward the cost of health insurance provided by a public entity, parent or other person.
- q. **"Medically Necessary Care"** means services which are reasonable and necessary to diagnose and provide preventive, palliative, curative, or restorative treatment for physical or mental conditions in accordance with professionally recognized standards of health care generally accepted at the time services are provided.
- r. **"Patient"** - For this Policy, "patient" can mean the person who receives care, but it can also mean the person who is, or agrees to be, legally responsible for the bills or debts of the person receiving care.
- s. **"Presumptive Eligibility"** under certain circumstances, patients may be presumed or deemed eligible for financial assistance based on their enrollment in other programs or on information that is not provided in the Application for Financial Assistance.
- t. **"Uninsured Patients"** are individuals who do not have governmental or private health insurance or whose insurance benefits have been exhausted.

### **3. Policy Related to Emergency Medical Care**

McPherson Hospital will provide, without discrimination, care for emergency medical conditions without regard to the patient's eligibility for Financial Assistance. Consistent with EMTALA, McPherson Hospital requires an appropriate medical screening be provided to any individual requesting treatment for a potential Emergency Medical Condition - regardless of ability to pay. If, following an appropriate medical screening, facility personnel determine that the individual has an Emergency Medical Condition, the Hospital will provide services, within its capability, necessary to stabilize the individual's Emergency Medical Condition, or will facilitate an appropriate transfer as defined by EMTALA.

McPherson Hospital prohibits any actions, such as demanding payment before receiving treatment for Emergency Medical Conditions or conducting debt collection activities that may interfere with or delay the provision, without discrimination, of emergency medical care (§1.501 (r) - 4(c)2, see 79FR79007).

### **4. Services Eligible for Financial Assistance**

Services eligible for Financial Assistance include care to treat Emergency Medical Conditions and other Medically Necessary Care provided by the Hospital, Clinic, and its employed physicians and mid-level providers. Physicians and other professionals who provide services at the Hospital and Clinic and who are not employed by the Hospital or Clinic are not subject to this policy. They may or may not offer financial assistance to patients. Exhibit C provides a list of providers who are covered by this Policy and a list of those who are not. This list will be updated quarterly.

Charges for services that are already steeply discounted for a specific purpose are ineligible for Financial Assistance. Examples include Corporate Health services and health fair screening tests. Charges for services that are elective or not medically necessary are also ineligible for Financial Assistance.

Examples include:

- a. Extensions of patient stays that don't meet medical necessity criteria but are provided at the request of the patient.
- b. Cosmetic or bariatric procedures determined not medically necessary by a licensed physician.
- c. "Out of network" patient liability balances that result from the patient receiving non-emergent care at McPherson Hospital and/or Clinic rather than at an "in network" provider.

### **5. Eligibility Criteria for Financial Assistance**

In general, patients whose annual Family Income does not exceed 200% of the Federal Poverty Guidelines (FPG), who meet the other criteria set forth in this Policy, and who apply for assistance as required below are eligible for free or discounted care under this Policy.

### **6. Determining Financial Assistance Amounts**

The amount of Financial Assistance provided is based on currently published Federal Poverty Guidelines, as adjusted for the size of the applicant's Family. The minimum financial assistance begins with annual Family Incomes at or below 200% of Federal Poverty Guidelines and continues to increase as income

drops to 100% of FPG or below. Any applicant with Family Income at or below 100% of the FPG will be entitled to financial assistance for the full amount (100%) of patient responsibility for eligible services.

See the table below for these financial assistance guidelines:

Family Income as % of FPG	Discount Percent (see below)	
Below 100%	100%	Free Care
Between 101-150%	75%	Discounted Care
Between 151-200%	50%	Discounted Care
For uninsured patients, the discount will be applied to gross charges.		
For insured patients, the discount will be applied to patient liability.		

**Example 1:** A patient has a family income of \$28,000 and the FPG for that family size is \$20,000. Divide the family income of \$28,000 by the FPG of \$20,000 which yields 140%. The patient would qualify for 75% financial assistance. That is, the patient would be responsible for 25% of the patient liability portion for eligible services.

**Example 2:** A patient has a family income of \$58,000 and the FPG for that family size is \$20,000. Divide the family income of \$58,000 by the FPG of \$20,000 which yields 290%. The patient would not qualify for financial assistance.

The amounts charged to patients eligible for Financial Assistance under this Policy will not exceed Amounts Generally Billed (AGB) to individuals who have insurance covering emergency and other medically necessary care. McPherson Hospital calculates the AGB percentage based on all claims allowed by Medicare fee-for-service and all private health insurers over a 12-month period, divided by the associated Gross Charges for those claims. As the AGB changes from year to year, the discounts under this Policy will be reviewed and adjusted, if necessary, so that patients eligible for Financial Assistance will not be charged more than AGB.

An information sheet that explains how the AGB is calculated is attached as Exhibit B.

## 7. Applying for Financial Assistance

Patients may request information about financial assistance by contacting a Financial Counselor at (620) 241-2250, by visiting the Patient Financial Services department located at 1000 Hospital Drive, McPherson, Kansas, and/or by using the online resources at McPherson Hospital's website, [www.mcphersonhospital.org](http://www.mcphersonhospital.org).

There are two ways a patient may qualify for Financial Assistance: i) based on Presumptive Eligibility, or ii) based on a completed Application for Financial Assistance.

Under Presumptive Eligibility, the Hospital may use information from sources other than the Application for Financial Assistance to determine a patient's inability to pay the balances due.

Presumptive Eligibility may be granted to patients based on their eligibility for other means-tested public

programs such as:

- a. Women, Infants and Children (WIC) programs
- b. Supplemental Nutritional Assistance Program (SNAP) programs

Presumptive Eligibility may also be granted based on life circumstances such as:

- a. Homelessness
- b. Patient is deceased with no known estate
- c. Patient balances remain after all assets in an estate have been distributed
- d. Patient balances have been discharged by a bankruptcy court

If a patient is presumptively determined to be eligible for discounted care (rather than free care), the Hospital will notify the patient regarding the basis for the presumptive eligibility and how to apply for more generous assistance by completing an Application for Financial Assistance. The patient will then be given a reasonable period of time to apply for more generous assistance before initiating any Extraordinary Collection Actions to obtain the discounted amount owed for the care.

McPherson Hospital does not use prior Financial Assistance determinations to presumptively determine current eligibility, unless the Application for Financial Assistance was submitted less than 180 days prior to the current date of medical service.

Patients who are not presumed eligible for Financial Assistance (as outlined above) must complete the Application for Financial Assistance as shown in Exhibit A. The Application for Financial Assistance will be considered complete only if all required supporting documentation, as listed on the application, is provided.

All current or potential third party coverage is to be considered primary to Financial Assistance. As part of the application process, the patient (with reasonable Hospital assistance) will be required to apply for programs and/or coverage for which he or she may be eligible. A patient's failure to complete the application process and seek eligibility from any identified source of payment may result in a denial of Financial Assistance. Potential sources of coverage may include: COBRA, Medicare, Medicaid, VA medical benefits, Federal Employees Health Benefit program (FEHB), State Indigent Health Care programs, Victims of Crime, commercially sponsored charitable funding programs, medical cost sharing programs, and pharmaceutical manufacturer assistance.

## **8. Approvals, Denials, and Appeals**

The Application for Financial Assistance must be complete and all supporting documentation provided in order for a request to be considered. If an application is incomplete, a written notice will be provided to the patient outlining the additional information required. The patient will have 30 days from the date of the letter to provide the requested information. If the requested information is not received within 30 days, the application will be denied and the account will proceed through the Hospital's regular collection process.

Complete applications will be processed within 30 days. Patients will be notified in writing of the

decision via US Mail to the address listed on the application.

If an application is denied, the notice to the patient will include the reason for the denial, and provide information on the appeal process. The appeal process is as follows:

- a. Patients denied financial assistance may appeal the decision in writing. An appeal letter and any additional information must be received within 30 days of the date of the denial letter.
- b. The initial application, appeal letter, and any additional information provided by the patient will be reviewed by the Appeals Committee (the Finance Committee of the Hospital's Board of Trustees).
- c. The patient will be notified of the appeal decision within 30 days. The decision of the Appeals Committee will be final.

## 9. Eligibility Effective Dates

An approved Application for Financial Assistance will be valid for services provided up to 6 months after the date of application submission. It is the patient's responsibility to inform the Hospital of any significant changes in the patient's financial situation and/or family composition, and in this instance, McPherson Hospital reserves the right to re-assess a patient's continued prospective eligibility for financial assistance.

An approved Application for Financial Assistance will also be valid for account balances for which the first post-discharge billing statement was provided up to and including 240 days prior to the date of the application.

## 10. Billing and Collections Process

In order to remain financially viable and continue to serve its community, McPherson Hospital must collect payment for the medical services it provides. The Hospital's policy is to pursue collection of patient balances due, including the use of Extraordinary Collection Actions as defined by IRC Section 501 (r), if patients do not pay their liability or make acceptable payment arrangements within 120 days of the first post-discharge billing statement.

McPherson Hospital will not engage in Extraordinary Collection Actions against an individual to obtain payment before making reasonable efforts to determine whether the patient is eligible for financial assistance. ECAs will not be initiated for at least 120 days from the date the Hospital provides the first post-discharge billing statement.

At least 30 days before initiating any ECAs, the Hospital will:

- a. Provide a written notice to the patient that states financial assistance is available, identifies the ECAs the Hospital intends to take, and provides the deadline after which ECAs may be initiated.
- b. Provide the patient with a plain language summary of the Financial Assistance Policy.
- c. Make a reasonable effort to orally notify the patient about the Financial Assistance Policy and how to obtain assistance.

If the patient completes an Application for Financial Assistance within 240 days from the date of the first post-discharge billing statement, any Extraordinary Collection Actions in progress will be suspended until eligibility for Financial Assistance is determined:

If the application is incomplete, McPherson Hospital will notify the patient in writing describing the additional information required and providing contact information for the Hospital. If the patient submits the missing information within 30 days (even if the 30 days goes beyond 240 days from the date of the first post-discharge billing statement), the application will be considered timely, and will be processed as a complete application (see below).

If the application is complete, a determination will be made within 30 days, and the patient will be notified in writing of the decision. If the patient is eligible for discounted care (rather than free care), a billing statement will be provided stating the amount owed for the care, how it was determined, and how the patient can get information regarding the AGB for the care. If the individual has already paid an amount greater than what he or she is responsible for paying under this Policy, the excess will be refunded to the patient (unless it is less than \$5.00). McPherson Hospital will then take all reasonable measures to reverse any ECA previously taken against the individual to obtain payment.

McPherson Hospital may resume collection actions against patients found ineligible for Financial Assistance, or patients who are no longer cooperating in good faith to pay balances remaining after applying a financial assistance discount.

No collection agency, law firm, or individual may initiate legal action (for example, liens and reports to credit agencies) against a patient for nonpayment of a McPherson Hospital bill without the approval of an authorized McPherson Hospital employee.

## **11. Authorization**

The Hospital reserves the right to modify this Policy at any time upon approval of the Finance Committee of the Board of Trustees. This policy will be reviewed and approved at least annually. All write-offs made under this policy will be classified as financial assistance on the books of McPherson Hospital.

Applications for Financial Assistance can be approved by the following individuals or committees, dependent upon the dollar amount of Financial Assistance granted:

- Under \$3,000 - Director, Revenue Cycle
- From \$3,001-\$6,000 - Vice President, Finance/CFO
- From \$6,001-\$12,000 - President/CEO
- Over \$12,000 - Finance Committee

The Finance Committee of McPherson Hospital's Board of Trustees will be consulted in the case of applicants with extenuating circumstances, including Medical Hardships, that may warrant a more generous discount than otherwise specified in this Policy.

# 12. Measures to Publicize the Financial Assistance Policy

McPherson Hospital is committed to widely publicizing this Policy within the community it serves. To that end, McPherson Hospital will take the following steps:

- a. McPherson Hospital will post this Policy, the Application for Financial Assistance, and a plain language summary of this Policy on its website at <http://www.mcphersonhospital.org/patients-visitors/billing-financial-assistance>.
- b. Paper copies of this Policy, the Application for Financial Assistance, and plain language summaries of this Policy will be available upon request (without charge) both by mail and in public locations at the Hospital including the emergency room and admissions areas. To request documents by mail, call a Financial Counselor at (620) 241-2250.
- c. Patients of the Hospital will be offered a copy of the plain language summary upon intake or discharge. Billing statements will include a written notice about the availability of financial assistance and how information and application forms can be obtained.
- d. Community members most likely to require financial assistance will be notified and informed by providing plain language summaries and Applications for Financial Assistance to the McPherson County Health Department for distribution.

This Policy, the Application for Financial Assistance, and a plain language summary of this Policy will be translated into the primary language of limited English proficiency populations that constitute the lesser of 1,000 individuals or 5% of the community served by McPherson Hospital.

# 13. Interpretation

McPherson Hospital, Inc. is a hospital organization recognized as tax exempt under Internal Revenue Code (IRC) 501(c)(3). This policy is intended to comply with IRC Section 501 (r) and the regulations promulgated thereunder.

# 14. Reference

Exhibit A: Application for Financial Assistance

Exhibit B: AGB Calculation

Exhibit C: Physicians or Physician Groups Covered and Not Covered Under Policy

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## Attachments

[!\[\]\(ac7494f141109b59d18bf9c3aeb84d93\_img.jpg\) Exhibit A: Financial Assistance Application](#)

[!\[\]\(d5831b2ac75eb48b4c49d27e61d24c03\_img.jpg\) Exhibit B: Amount Generally Billed Calculation](#)

## Approval Signatures

Step Description	Approver	Date
Senior Leader	Tanner Wealand: CEO/CFO	12/2024
Director of Revenue Cycle	Darah Isaacson: Director of Revenue Cycle	10/2024
Policy Owner	Darah Isaacson: Director of Revenue Cycle	10/2024

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