National Health Policy Forum
Can I get A Break?
Hospital Financial Assistance, Billing, and Debt Collection

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Healthcare Financial Management Association
Background Information

The Healthcare Financial Management Association Is…

- A professional organization of over 39,000 healthcare financial management professionals representing all facets of the industry.

- Members' positions include CEO, CFO, controller, patient accounts manager, accountant, and consultant.

- Nonpartisan professional practice organization.

- As part of its mission, HFMA develops and promotes ethical, high-quality healthcare finance practices.

- Works with a broad cross-section of stakeholders to improve the healthcare industry by identifying and bridging gaps in knowledge, best practices, and standards.
The Story of Shelia
Types of Community Benefit

A Tax-Exempt Healthcare Provider Might Cite One or More of the Following Attributes to Justify Its Status

- Mission to Provide Community Benefit
- Use of Financial Surpluses
- Accountability
- Provision of Charity Care
- Reduction of Government Burden

- Provision of Essential Healthcare Services
- Provision of Unprofitable Services
- Public Education
- Serving Other Unmet Human Needs
- Goodwill

Sources:
1) The Relationship of Community Benefit to Hospital Tax Exempt Status; Issue Analysis 05-01; HFMA; April 2005
The Story of Jeff
IRS 501r Proposed Rule (cont)

While HFMA Supports the Intent of Section 501(r),
the Proposed Rule Has Flaws

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed Resolution</th>
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<td>If hospitals have effectively communicated their FAP, the proposed 120-day notification period allows sufficient time for completion of a FAP application. Adding a second 120-day period that precludes collection actions requiring a legal or judicial process will inhibit collections from patients with resources available to pay rightly owed balances.</td>
<td>The Fair Debt Collection Practices Act’s 30-day notice for validation of debt should be applied after the provider turns an account over to a third-party collection agency. Additional notification periods are unnecessary.</td>
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Sources:
1) HFMA Comments in Response to Section 501® Proposed Rule, September 24, 2012
# IRS 501r Proposed Rule

**While HFMA Supports the Intent of Section 501(r), the Proposed Rule has Flaws**

## Issue
- EMCP requirements both duplicate and conflict with federal Emergency Medical Treatment and Labor Act Requirements (EMTALA)

## Proposed Resolution
- EMTALA should continue to be the controlling federal guidance for a hospital’s interactions with patients in the emergency department

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Sources:
1) HFMA Comments in Response to Section 501r Proposed Rule, September 24, 2012
IRSA Requirements for NFP Providers

IRS 501r Proposed Rule (cont)

**While HFMA Supports the Intent of Section 501(r), the Proposed Rule has Flaws**

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<td>Requirements to demonstrate “reasonable efforts” are unnecessarily burdensome and will increase costs without increasing access to care or benefiting the patient.</td>
<td>If hospitals document the steps taken to verify eligibility but have not had the cooperation of the patient, or are unable to establish presumptive charity from other records, that should satisfy the requirement of “seeking to determine whether an individual is financial assistance policy (FAP)-eligible”.</td>
</tr>
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Sources:
1)HFMA Comments in Response to Section 501® Proposed Rule, September 24, 2012
While HFMA Supports the Intent of Section 501(r), the Proposed Rule has Flaws

**Issue**

The regulations appear to require that financial assistance for the insured may be provided only if the AGB is applied, which could limit access to assistance for the underinsured. The intent for the limitation on charges was to provide the uninsured the benefit of rates paid by the insured. Requiring that assistance for the insured is provided at the same level as the uninsured would create confusion and misapplication of the standard.

**Proposed Resolution**

The final regulations should confirm that hospitals may continue to offer assistance to the insured, at their discretion, though their financial assistance policies and clarify that the AGB does not apply to assistance for the insured.

Sources:
1) HFMA Comments in Response to Section 501(r) Proposed Rule, September 24, 2012
Insights to Improve Financial Policies for the Uninsured

Reports are available at http://www.hfma.org/Content.aspx?id=1030
Questions?

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