



WHA 2007 Billing and Collection Guidelines for Hospitals

Frequently Asked Questions

April 2007

In 2004, WHA developed and released the first Billing and Collection Guidelines to provide guidance to member hospitals on an issue that was generating some concern both in Wisconsin and across the nation. Questions about hospital billing practices, especially those directed at patients who do not have insurance, continue to draw concern. In response, the WHA Task Force on Pricing and Billing was established by the WHA Board to evaluate the 2004 Guidelines and recommend any necessary revisions.

On May 1, 2007 WHA will release the newly revised Billing and Collection Guidelines to the media. The following FAQ will help you address questions about the guidelines that you may receive from the media, patients, and your employees.

If you have questions, contact George Quinn at WHA, 608-274-1820 or gquinn@wha.org.

What are the major differences between the 2004 guidelines and those being released in 2007?

The new guidelines provide more information about providing price estimates in advance of the hospitalization, provide additional guidance on eligibility for free or discounted care and encourage hospitals to make information on their charity care policies more readily available to the public.

Are hospitals required to follow the guidelines?

All Wisconsin hospitals have guidelines they follow when they are assisting patients who cannot pay their bill. The WHA Billing and Collection Guidelines provide hospitals with a basis for reviewing and revising their current policies, if necessary.

Who is eligible for financial aid?

Financial aid is intended to assist those individuals who do not have the ability to pay their bill.

Is financial assistance or charity care only available to those who are far below the federal poverty limit?

Financial assistance is also offered on a case-by-case basis to those who have exhausted their insurance benefits and whose income or assets exceed financial eligibility criteria, but face extraordinary medical costs.

What about catastrophic medical bills?

Hospitals should have a policy that would provide financial assistance (discounts and/or extended payment terms) in those cases where the hospital bill is large in comparison to the uninsured patient's assets or income (means).

What responsibility do patients' have for paying their medical bills?

Charity care and discount policies do not eliminate personal responsibility for obtaining coverage for health-related expenses. Eligible patients may or may not be expected to access public or private insurance options in order to qualify for financial aid. However, all patients are expected to contribute to their care based on their individual ability to pay.

What other responsibilities do patient's have in regards to their medical bills?

Hospitals need the cooperation of the patient or their family members in furnishing information and documentation that is necessary to apply for government or other financial assistance. Without the cooperation of the patient, it is nearly impossible to complete the necessary forms and establish the dialogue necessary to assist patients who are having trouble paying their bills.

How do hospitals determine eligibility for catastrophic financial assistance?

In general, hospitals should take the following into account when determining if a patient is eligible for catastrophic financial assistance:

- The amount owed by the patient in relation to his/her total means.
- The medical status of the patient or of his/her family.
- The employment potential of the patient in light of his/her medical condition and/or skills in the job market.
- Whether the patient lives on a fixed income.
- Existing liabilities such as a mortgage, school tuition, or automobile or college loan.
- Level and type of assets.

In addition, policies should:

- Incorporate flexible payment plans (e.g., extended payment terms) as appropriate.
- Clearly state if a minimum payment is required (to ensure patients recognize the value of medical care and use the health care system responsibly).
- Be evaluated on a regular basis.

Do hospitals offer discounts to patients who do not have insurance?

The guidelines suggest several means that hospitals can use to determine their discounts. Hospitals' policies for offering payment discounts to eligible patients should reflect the mission and values of the organization. Hospitals should determine discounts in a reasonable manner based on what low-income patients can afford to pay.

- For all uninsured patients – Hospitals should have a standard discount for all uninsured patients that represent the discounts typically granted in the community. WHA recommends that hospitals consider the following alternative approaches:
 - A flat discount amount for all uninsured patients
 - A discount similar to discounts given to commercial payers in the community
 - A minimum discount based on the highest payer with a meaningful amount of volume

- Discount for those patients with incomes between 100 percent and 300 percent of the Federal Poverty Level (income only) – Hospitals should consider the following alternative approaches:
 - A flat discount amount greater than the standard discount
 - Adjustable discounts that change with the income level of the uninsured patient (an asset test can also be considered when determining the applicable discount)

There have been some questionable collection practices identified with hospitals in other areas of the country. Do the policies address bill collection practices?

Hospital collection policies must reflect the mission and values of the hospital. Hospitals should have frequent contact with outside collection agencies, if they use them, ensuring that the agency's activities related to obtaining payment are not in conflict with the mission, values, and direction of the hospital. The performance of the collection agency should be periodically reviewed by the hospital to ensure that it is adhering to its own code of ethics and the hospital's policies.

What is the role of the hospital Board of Director's in billing and collection activities?

Hospital boards should receive the details on the extent of the charity care and financial aid provided, as well as the administration of the financial aid policy at least annually.

How do patients know what the charity care/discount policies are at a hospital?

The fact is, oftentimes patients are unaware of charity care and low-income discount policies of Wisconsin hospitals. This lack of awareness can discourage them from seeking care or seeking financial assistance once care is provided. Wisconsin hospitals are determined to help alleviate these concerns by making their billing and collection policies more visible to the public, easier to understand, and more consistently applied.

The WHA guidelines suggest that hospital publicly display billing and collection policies in their patient registration area, post the policies on their hospital's Web site, and include the policy in the patient registration packet and patient bill. It is also highly recommended that patient representative and counselors explain the policies to patients who do not have insurance coverage. It is very important that patients and their families help the hospital help them by providing all pertinent information regarding their financial situation, and cooperate in the application process for state medical assistance programs and/or the hospital's medical assistance programs, if applicable.

Questions:

George Quinn, WHA
608-274-1820
gquinn@wha.org