# [insert your logo]

**Free Care Monitoring Project:**

*A Training for Advocates Seeking to Improve Hospital Free Care Programs*

COMMUNITY CATALYST

[Location]

[Date]

# Agenda

- Welcome/Participant Introductions (20 minutes)

- Introduction to Free Care (15 minutes)

- How We Will Conduct Free Care Monitoring (20 minutes)

- Practice and/or Role Play and Discussion (40 minutes)

- Assignments   (15 minutes)

# What is the free care monitoring project?

- It is a project to train a group of community members to document how well hospitals are fulfilling their obligations to provide free care.

- Participants will use their experience to develop recommendations for how hospitals might improve their free care policies so that uninsured and underinsured residents receive the care they need.

- Participation in this project will involve attendance at a training session and a reporting session and an hour or two of work between the sessions visiting or calling a hospital.

    - **Training: [Today's date]  TODAY!**

    - **Conduct survey: [start date – finish date]**

    - **Reporting session: [day of week, date]**

# What is hospital free care?

- Care and services provided by a hospital for people who cannot afford to pay for care.

- Hospitals do not expect to be paid for these services.

- Some hospitals provide free care for a portion of hospitals bills when patients can pay some, but not all, of the cost.

- Free care is sometimes called charity care, indigent care or financial assistance.

# Why free care monitoring?

- Free care is a critical part of the health care safety net for uninsured and underinsured people. It is a key component of a hospital's community benefits program.

- The numbers of uninsured and underinsured people are growing – making the safety net more important than ever.

**Hospitals should know whether the community and potential users are aware of their free care policies so they can work to maintain or strengthen the safety net.**

# What free care monitoring will help us find out

- Whether the hospital has a written, formal free care policy

- How easy or hard it is to find out about the free care policy

- What steps the hospital takes to inform people about free care

- What the process of obtaining free care is like
  - Is it relatively easy or complicated?
  - Is the process respectful?

# Is it easy to get free care?

Free care is often difficult to obtain:

- Those in need of services may not know that the hospital provides free care.

- The application may be difficult to read, complicated to complete, or written in a language the patient does not understand.

- The application process may be disrespectful, long, and complicated, and patients may receive bills in the meantime.

- Often hospitals will only provide certain services for free.

- Hospitals may require people to report the value of their homes, cars, and other assets when applying for free care, making some people ineligible.

- Free care patients may get different treatment or receive different priority than insured patients.

# What are the consequences of a lack of free care?

- People receive bills they are unable to pay. Medical bills are a leading factor in personal bankruptcy.

- People avoid seeking needed care.

- People wait longer to get care, seeking it only when they are sicker and can no longer avoid it.
Care is costlier.

- Instead of planning for their medical needs in an orderly way, people seek care at the emergency room where they believe they won't be turned away

# Are hospitals reimbursed for any free care they provide?

**[Include if your state and/or county provides any reimbursement to hospitals for uncompensated care. Fill in based on the situation in your state and/or county.]**

# Are hospitals obligated to provide free services?

- Non-profit hospitals are classified as charities and receive local, state and federal tax exemptions.

- In return for tax exemptions, non-profit hospitals are expected to provide "community benefits."

- **Community benefits** are the **unreimbursed** goods, services, and resources provided by health care institutions that address **community-identified** health needs and concerns, particularly those of people who are uninsured and underserved.

- Free care is considered a central part of community benefits by hospitals, community members, and even the IRS.

- **[Describe state and local obligations, if any]**

- Federal law requires hospitals with emergency rooms to provide at least emergency services to those who can't afford to pay.

# What are the obligations of _for-profit_ hospitals?

**Statutory or regulatory requirements**: Community benefits laws; obligations imposed as condition of licensure or placed when hospitals convert from non-profit to for-profit status

**Earmarked funds**: Public funds paid through Medicaid and Medicare to hospitals that serve large numbers of individuals in those programs and low-income uninsured individuals; funds from private philanthropy; uncompensated care funds from state or county governments

**Corporate social responsibility**: Businesses providing essential services are expected to meet some of the community's needs. If only non-profits fill this obligation, it puts them at competitive disadvantage.

# How much free care should hospitals provide?

Determining how much free care hospitals are actually providing versus how much they should be providing can be complicated, and there are certain key concepts to understand:

- Free Care
- Bad Debt
- Uncompensated Care
- Cost
- Charge

# Free care, bad debt, and uncompensated care

- **Free Care** = free services hospitals provide to patients who show that they cannot afford to pay for their care. Hospitals <u>do not expect</u> to be paid for these services.

- **Bad Debt** = services hospitals provide for which they <u>expect</u> payment but never receive it. Bad debt usually arises when insurance companies or individual patients refuse to pay the bills.

- **Uncompensated Care** = services that hospitals provide but never receive payment for. The term typically includes both free care <u>and</u> bad debt.

# Why are these differences important to the community?

- Many hospitals treat free care and uncompensated care as the same.

- Because uncompensated care includes free care <u>and</u> bad debt, it is not an accurate assessment of how much free care the hospital really provides to the community.

- Free care and bad debt have an entirely different impact on the finances of the person receiving care.

  - <u>Free Care</u>: The patient does not receive bills and/or is not sent to collections. There is no impact on the patient's credit.

  - <u>Bad Debt</u>: The patient receives multiple bills, is pursued by collections and the debt appears on the patient's credit.

# Cost vs. Charge

**Cost** = the actual amount of money a hospital spends to provide each service.

**Charge** = the amount a hospital bills to insurance companies or private individuals for each service it provides.

- Hospitals have a "list price" for services. Generally, no one but an uninsured person is charged the list price because insurers and government payers negotiate <u>significant</u> discounts.

- Uninsured patients are charged almost three times what insurers are charged for the same services.

# Why is the difference between cost and charge important?

- Hospitals often calculate the level of free care they are providing based on the price they charge an uninsured patient, rather than the actual cost of providing the service.

- In these cases, it can appear as if the hospital provides more free care than it actually does.

- Communities should ask hospitals to provide free care calculations based on cost, not charge.

- The IRS now requires non-profit hospitals to report free care based on cost, not charge.

- Often, the uninsured and underinsured patient will pay the full retail price for a service, while an insurance company can negotiate a discount.

# What should a good free care policy include?

- Assistance to applicants in applying for public coverage programs, such as Medicaid and SCHIP

- Full free care for those with incomes below 200% FPL

- Partial free care for those with incomes below 400% FPL

- Medical hardship provisions for those whose income exceeds 400% FPL but whose medical expenses have depleted their resources to the point that they can't pay for medically necessary services

# Other elements of a good free care policy

- Covers any medically necessary service or prescription drug

- A simple and language-appropriate application

- A respectful and quick approval process

- All staff informed about policy and/or who to refer people to when inquiring about free care

- Notice to patients and to the community -- via signs, websites, newspaper ads -- that free care is available

# Free care and community benefits laws

- Most states, some counties, and a few municipalities have laws related to hospital community benefits and/or free care obligations.

- Can address: eligibility and application process; notice to patients and the community about free care policies; reporting on free care and community benefits to public agencies

- Examples:
  - Washington State: eligibility standards and posting requirements
  - New Jersey: free care fund and standardized policies
  - Suffolk County, NY: notice to public and reporting to regulators

# The ways we will monitor free care

- **Phone calls inquiring** about the hospital's free care policy

- **Hospital site visits** to document any signage about free care or payment policy

- **Review hospital's written policies** and materials (such as applications, eligibility policies, reports to state agency)

- **Review hospital's website** for information about its free care policies

- **Group discussion** about our experiences and the monitoring results

# Phone calls inquiring about the hospital's free care policy

Phone calls will be conducted by a variety of individuals:

- **Uninsured callers** seeking information about the free care policy from the hospital's general phone number (English and non-English)

- **Staff of a community-based agency** seeking information from the hospital's billing department and social service department

# Uninsured persons seeking free care information by phone

- Each hospital will be called by the same "uninsured" monitor three times.

- Each call will be made to the main hospital number at different times of the week (a weekday call, an evening call, and a weekend call).

- An English-speaking and a non-English-speaking caller will be assigned to each hospital.

# Community-based agency staff seeking free care information by phone

- The caller should be based at a local community agency.

- One call should be made to the hospital social services department.

- One call should also be made to the hospital billing department.

# Volunteer seeking
# free care information at hospital

- Person represents a community-based or faith-based organization

- Visits the hospital emergency room, billing department, and general admitting

- Looks for and records any posted signs or printed materials about free care, availability of public programs, payment or billing practices in general waiting/intake area

- When staff are not busy – introduce self and ask for information about hospital's free care policy

# Hospitals we will survey

**[List Hospitals]**

# Summary: hospital contacts

- **<u>Uninsured Call</u>**
  - Main phone number in English – 3X
  - Main phone number in non-English – 3X

- **<u>Community Agency Call</u>**
  - Social Service Department – 1X
  - Billing Department – 1X

- **<u>Visit</u>** – 1X
  - ER
  - Billing Department
  - General Admitting

**TOTAL = 8 phone calls and 1 visit**

# Points to remember about the monitoring process

- Documenting what happens is the most important part of this effort.

- You may or may not get the answers that you want. Whether you do or not is important information.

- Don't feel pressured to add onto your basic "story" or answer other questions about yourself.

- Be polite, but stick to your questions.

# (More) points to remember about the monitoring process

- If information about other options is offered, express appreciation and record this information, but return to trying to get your free care questions answered.

- Write down what you heard as closely as possible. Write legibly!

- Non-English callers: Stick with the language throughout. Keep track of the length of time it takes to get a person who responds the correct language.

**If questions come up:**

**Contact [name] at [phone number]**