

POLICY NUMBER	POLICY TITLE	EFFECTIVE DATE
7217.2	BILLING AND COLLECTIONS POLICY - HOSPITAL-BASED MEDICAL CARE	09/30/2023
POLICY TYPE	AREA	APPLIES TO
FINANCE	PATIENT FINANCIAL SERVICES	ALL HOSPITALS

PURPOSE:

In keeping with our heritage and mission as a not-for-profit charitable organization committed to providing quality health care to all those we serve in a manner that responds to the needs of our communities and honors our faith heritage, Norton Healthcare’s hospital facilities provide emergency or other medically necessary care to all of our patients, including uninsured or under-insured patients, regardless of their ability to pay for all or part of that care.

This Billing and Collections Policy (“BCP”) is intended to reflect our organizational values and be an I.R.C. (Internal Revenue Code of 1986, as amended) §501(r)-compliant billing and collections policy created and utilized to ensure that no extraordinary collection action (“ECA”) will be undertaken against any hospital patient (including any other individual who accepts or is required to accept responsibility for the patient’s bill) with respect to any emergency or other medically necessary hospital-based care before reasonable efforts (as defined below) are made to determine whether the patient is eligible for assistance under the Norton Healthcare, Inc. Financial Assistance Policy (“FAP”).

“**Medically Necessary Care**” means those services, based upon an assessment of the eligible individual’s medical needs, that are reasonable and required to identify, diagnose, treat, correct, cure, palliate or prevent a disease, illness, injury, disability, or other medical condition including pregnancy, and which are consistent with the determination of “Medical Necessity” as defined by Kentucky’s Medicaid Program. Such services must be clinically appropriate and within generally-accepted standards of good medical practice. Further, such services must be provided in the most appropriate location where, for practical purposes, they may be safely and effectively rendered. Medically Necessary Care does not include any care provided primarily for the convenience of the individual, the individual’s caregiver or healthcare provider, or for cosmetic reasons.

“**Emergency Care**” means those services, including examination and stabilization, provided to treat a medical condition (1) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could be reasonably expected by a prudent layperson to result in (a) 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, (b) serious impairment to bodily functions, or (c) serious dysfunction of any bodily organ or part; or (2) with respect to a woman who is having contractions, that (a) there is inadequate time to effect a safe transfer to another hospital before delivery, or (b) that transfer may pose a threat to the health or safety of the woman or the unborn child.

The term “**Extraordinary Collection Action**,” or “**ECA**,” refers to collection actions that are identified as extraordinary collection actions under the applicable Treasury Regulations. Under appropriate circumstances, and after reasonable efforts to determine eligibility for financial assistance and/or other required steps, Norton Healthcare may engage in any or all of the following ECAs: reporting adverse information about an individual to consumer credit reporting agencies or credit bureaus; deferring or denying, or requiring payment before providing, medically necessary care because of an individual’s nonpayment of one or more bills for previously provided care covered under the financial assistance policy (“FAP”); or undertaking actions that require a legal or judicial process, including but not limited to filing suits,

garnishing wages, filing liens, filing judgments, garnishing bank accounts, bill of discovery, or seeking a garnishment ruling against an employer to enforce garnishment of a guarantor. To the extent permitted by and consistent with the Treasury Regulations, Norton Healthcare also may engage in other collection activities that are not ECAs, including the following: invoicing patients; telephoning patients and their guarantors; communicating orally with patients and their guarantors; referring or selling patient debt, accounts, or claims to collection agencies or other third parties; filing liens on the proceeds of judgments, settlements or compromises; or filing claims in estate or bankruptcy proceedings.

SCOPE:

This BCP applies to all hospital patients with respect to any hospital-based emergency or other medically necessary care provided to such hospital patients at the following locations:

Norton Audubon Hospital	Norton Scott Hospital ²
Norton Brownsboro Hospital	Norton Cancer Institute
Norton Hospital	Norton Cardiovascular Center - Springs
Norton Women's and Children's Hospital ¹	Norton Cardiovascular Center - Dixie
Norton Children's Hospital	Norton Diagnostic Center - Dupont
Norton Children's Medical Center	Norton Diagnostic Center - Fern Creek
Norton King's Daughters' Health	Norton Diagnostic Center - St. Matthews
Norton Clark Hospital ²	

BILLING AND COLLECTIONS POLICY:

(A) Reasonable Efforts. Before engaging in ECAs, Norton Healthcare (or its designees) will make reasonable efforts, and Norton Healthcare's Patient Financial Services Department will confirm such reasonable efforts are made, to determine whether the patient is FAP-eligible, as follows:

1. notify the patient about the FAP, as described below, before initiating any ECAs to obtain payment for care;
2. refrain from initiating ECAs (except as provided below) for at least one hundred twenty (120) days from the date of the first post-discharge billing statement; and either
3. if the patient submits an incomplete FAP application, provide the patient with information relevant to completing the FAP application and a reasonable opportunity to complete the FAP application, as described more fully below; or
4. if the patient submits a complete FAP application, make and document a determination as to whether the patient is FAP-eligible as described more fully below.

(B) Notification. At least thirty (30) days before initiating one or more ECAs to obtain payment for an episode of care, Norton Healthcare (or its designees) will:

1. provide the patient with a written notice that indicates financial assistance is available for eligible individuals, identifies the ECAs that Norton Healthcare (or its designees) intends to initiate to obtain

¹ May appear on bill as "Norton Children's Hospital - St. Matthews"

² For this hospital facility, this policy shall apply only to services that are provided on or after September 30, 2023 (and that are otherwise eligible under the terms of this policy).

payment for the episode of care (please note that multiple episodes of care will be treated separately), and states a deadline after which those ECAs may be initiated that is no earlier than thirty (30) days after the date that this written notice is provided;

2. with the written notice described above, provide the patient with a plain language summary of the FAP; and
3. make reasonable efforts to orally notify the patient about the FAP and how to obtain assistance with the FAP application process.

Any written notice or communication described in this policy, including the plain language summary of the FAP, may be (a) printed on a billing statement or with other descriptive or explanatory materials so long as it is conspicuously placed and of sufficient size to be clearly readable; and/or (b) provided electronically (email, etc.) if an individual indicates he or she prefers to receive the written notice or communication electronically.

(C) Application Period. Except as noted below, Norton Healthcare (or its designees) will accept and process a FAP application submitted by the patient at any time beginning on the first date care is provided to the patient and ending on the 240th day after the patient is provided with the first post-discharge billing statement for that care except that

1. If Norton Healthcare (or its designee) states a later date in a written notice of its intention to initiate an ECA, as described above, then the application period shall continue until such later date; and
2. If Norton Healthcare (or its designees) have presumptively determined that an individual is eligible for less than the most generous assistance available under the FAP then the application period shall be extended to allow the individual a reasonable period of time from such determination to apply for more generous assistance.

(D) Incomplete Application. If a patient submits an incomplete FAP application during the Application Period, Norton Healthcare (or its designees) will

1. if applicable, suspend any ECAs against the patient as described more fully below;
2. provide the patient with a written notice that describes the additional information and/or documentation required under the FAP or FAP application form and includes applicable contact information; and
3. allow a reasonable timeframe for the patient to provide the additional information and/or documentation.

(E) Complete Application. If a patient submits a complete FAP application during the Application Period (including a previously submitted incomplete FAP application as described above), Norton Healthcare (or its designees) will

1. if applicable, suspend any ECAs against the patient as described more fully below;
2. make and document a determination of FAP eligibility in a timely manner;
3. notify the patient in writing concerning the determination of eligibility (including, if applicable, the assistance for which the patient is eligible) and the basis for the determination; and
4. if the patient is FAP-eligible,

- a. for free care, provide the patient with a written notification that he or she is eligible for free care (Norton Healthcare will not provide a billing statement to such patient);
- b. for assistance other than free care, provide a billing statement to the patient indicating the amount the individual owes as a FAP-eligible patient, how Norton Healthcare determined the amount the FAP-eligible patient owes, and stating the amounts generally billed for the care (or instructions for how the patient can get information regarding amounts generally billed);
- c. refund any amount greater³ than \$5.00 that the patient has paid for the care that exceeds the amount the patient is determined to be personally responsible for paying as a FAP-eligible individual; and
- d. take all reasonably available measures to reverse any ECA taken against the patient to obtain payment for the care (except for a sale of the debt or a deferral or denial of, or a requirement of payment before providing, medically necessary care due to prior nonpayment for care covered under the financial assistance policy).

(F) No Application. If a patient submits no FAP application during the Application Period, Norton Healthcare (or its designees) will follow the Notification process described above. A signed waiver from a patient stating that the patient does not wish to apply for assistance under the FAP or to receive information about the FAP does not relieve Norton Healthcare of its obligations under this policy.

(G) Prior Nonpayment. If an individual has failed to pay one or more bills for previous episode(s) of emergency or medically necessary hospital-based care covered under the FAP, then Norton Healthcare may defer, deny or require payment before providing medically necessary care for such individual. Because such action is an ECA with respect to the previously provided care, Norton Healthcare, before deferring, denying or requiring payment prior to providing such care, shall –

1. provide the individual with the plain language summary of the FAP, a FAP application and written notice stating that financial assistance is available for eligible individuals and identifying the deadline for applying; and
2. make reasonable efforts to orally notify the individual about the FAP and how he or she may obtain assistance with the FAP application process.

These steps are not required for an individual already determined to be ineligible for financial assistance for the previous episode(s) of care or who failed to timely submit an application for financial assistance for the previous episode(s) of care.

(H) Suspending ECAs. If a patient submits either a complete or incomplete FAP application during the Application Period, Norton Healthcare (or its designees) will not initiate, or take further action on any previously-initiated, ECAs to obtain payment for the care until either

1. based on a complete FAP application, it has determined whether the patient is FAP-eligible; or
2. in the case of an incomplete FAP application, the patient has failed to respond to requests for additional information and/or documentation within a reasonable period of time given to respond to such requests.

³ Such refund will first be applied to any open balance(s) for past service(s), if applicable.

THIRD PARTY AGREEMENTS:

(A) Norton Healthcare may refer a patient's debt to another party ("Third Party") and will be deemed to have made reasonable efforts to determine that patient's FAP-eligibility if it enters into and enforces a legally binding written agreement from the Third Party reasonably designed to ensure that no ECAs are taken to obtain payment for the care until reasonable efforts have been made to determine whether the patient is FAP-eligible for the care and at minimum provide that,

1. if the patient submits a FAP application after the referral of the debt but before the end of the application period, the Third Party will suspend ECAs to obtain payment for the care, as described above in Suspending ECAs; and
2. if the patient is determined to be FAP-eligible, the Third Party will, in a timely manner,
 - a. adhere to procedures specified in the written agreement that ensure that the FAP-eligible patient does not pay, and has no obligation to pay, the Third Party and Norton Healthcare together more than the patient is required to pay for the care as a FAP-eligible patient, and
 - b. where applicable (and if the Third Party has the authority) take all reasonably available measures to reverse any ECA taken against the patient (except for a sale of the debt or a deferral or denial of, or a requirement of payment before providing, medically necessary care due to prior nonpayment for care covered under the financial assistance policy); and
3. if the Third Party refers or sells the debt to yet another party, the Third Party will obtain a written agreement from that other party including all of the requirements of this section.

(B) Norton Healthcare may enter into an arrangement that contemplates the sale of patient debt to any Third Party only after review and approval by legal counsel and only as permitted by Code Section 501(r) and the corresponding Treasury Regulations, which shall include the execution of a written agreement that, at minimum, includes the following elements:

1. the purchaser is prohibited from engaging in any ECAs to obtain payment for the care;
2. the purchaser is prohibited from charging interest on the debt in excess of the rate in effect under Code Section 6621(a)(2) at the time the debt is sold (or such other interest rate set by notice or other guidance published in the Internal Revenue Bulletin);
3. the debt is returnable to or callable by Norton Healthcare upon a determination by Norton Healthcare or the purchaser that the patient is eligible for financial assistance; and
4. the purchaser is required to adhere to procedures specified in the agreement that ensure that the patient does not pay, and has no obligation to pay, the purchaser and Norton Healthcare together more than he or she is personally responsible for paying pursuant to the financial assistance policy if the patient is determined to be eligible for financial assistance and the debt is not returned to or recalled by Norton Healthcare.