

Discounts for Medical Services Provided

Applicability: Organizational	Date Effective: 12/07
Department: Patient Financial Services	Date Reviewed: 02/16
Supersedes: N/A	Date Last Revised: 04/19
Administration Approval: Chris Hickey, Chief Financial Officer	

Purpose:

To describe the method of providing discounts off of charges for medical care provided by Northwestern Medical Center (the "Hospital").

Policy Statement:

To ensure discounts are applied appropriately for patients and medical staff.

Background: N/A

Definitions: N/A

Procedure:

General Discounts - No discounts shall be made under this policy that result in charges (after discount) that are less than the cost to the Hospital of providing the services.

Patient Discounts - The Patient Protection and Affordable Care Act sets standards for billing patients who do not have insurance. Hospitals must provide a discount from gross charges to reflect the average of the BEST 3 commercial rates. Best is defined as best to the consumer. The Hospital will review its contracts on a yearly basis and adjust the discount amount accordingly. The discounts will be applied to accounts prior to sending a bill or statement to the patient (for both hospital and employed physician services).

In no circumstances shall the forgoing discounts be based on the patient's DRG, reason for admission or length of stay, nor shall the discount be claimed as bad debt; nor shall discounts be offered to patients that the Hospital knew, or should have known, could affect the patient's choice of provider, unless an exception such as qualifying under the Hospital's charity care program (based on financial need) applies.

In certain circumstances, Administration may negotiate contract terms with insurance companies that waive a specific patient's coinsurance and co-payment responsibilities. Only under these circumstances may these amounts be waived. **Coinsurance, co-payments, and**

share of cost amounts may not be waived or discounted for any governmental insurance, including Medicare, Medicare managed care, and Medicaid.

Additional discounts may be available to uninsured patients based upon qualifying income and net asset levels. These discounts are routinely offered either prior to services being rendered during the pre-registration/financial counseling/financial clearance processes, or during the collection process after services have been rendered, as specified by this policy. Discounts for all other patients are not “standing” or “routine” discounts, and are to be offered on a case by case basis toward a patient’s balance (after payment by any insurance), during the collection process after services have been rendered, depending on the facts and circumstances, and in the exercise of the Hospital’s commercially reasonable business judgment. Any deviations from these guidelines must be approved by either the Chief Financial Officer or Chief Executive Officer.

Pharmacy Purchases

As a convenience to our employees, physicians, and volunteers, the Hospital provides prescription and non-prescription drugs for these individual’s own use, that are usually and customarily “in stock” in the Hospital pharmacy. The Hospital will dispense these drugs within the normal pharmacy standards and practices.

The Hospital will provide these drugs at the Hospital’s cost plus the following markups:

<u>Cost</u>	<u>Mark-up</u>
Up to \$10.00	25%
\$10.01-\$25.00	15%
\$25.01-\$70.00	10%
\$70.01-\$100.00	7%
\$100.01 and over	5%

Persons eligible under this program are as follows:

- All active Hospital and their IRS or Vermont Department of Taxes dependents
- All Hospital staff physicians and their IRS dependents
- All former Hospital and NOH employees with at least twenty (20) years of service and a good work record
- All disabled Hospital and NOH employees who are currently receiving benefits through our long-term disability plan, workers’ compensation insurance, or those who left our employment as a result of a disability and are currently receiving Social Security disability benefits.
- All volunteers who contribute a minimum of seventy-five (75) hours per year.

There will be a minimum charge of \$1 per line item.

Physician Professional Courtesy Discounts

Professional courtesy discounts to retired, and active medical staff members in good standing and their IRS or Vermont Department of Taxes dependents may be provided within the guidelines specified in the Code of Conduct policy. The professional courtesy discount is 10% off of the Hospital's standard charges for any inpatient and outpatient services provided at the Hospital, including any of the locations and physician practices owned and operated by the Hospital or a wholly owned subsidiary of the Hospital. Eligible physicians and their family members who are eligible for a federal health program (e.g., Medicare) will not receive this discount.

The professional discounts described above apply to the patient's financial responsibility for the bill, after insurance coverage. By way of example, if the bill is for \$1,500 and the insurance pays for \$850, the remaining balance, after the contractual write-off is made related to the amount the insurance company paid, is \$200. The amount of the discount would be 10% of the \$200, or \$20.

Annual Flu Shots

An annual flu shot is provided free of charge to all Hospital employees, physicians on the medical staff, and Hospital Board members.

Smoking Cessation Assistance

NMC provides a smoking cessation program free of charge to NMC employees. Details of the program can be obtained from the Chronic Disease Department.

Note Well: N/A

Monitoring Plan: N/A

Related Policies: [Patient Financial Assistance](#)

References: H.R 3590 Patient Protection and Affordable Care Act code sec 501 r 5

Reviewers:

A. Key Stakeholders: Stephanie Breault, Director, Finance/Controller; Jessica Nadeau, Manager, Pharmacy; Amy Putnam, Vice President, Physician Services

B. Committees: None

C. Key Process Owner: Megan Smith, Manager, Patient Financial Services

Keywords (not part of policy): Uninsured, Discount