Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by FedEX

September 14, 2010

Mr. Michael Constantino
c/o Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Projects 010-051, 010-052, and 010-053

Dear Mike,

I just noticed that the following policy, which is common to Riveredge Hospital, Lincoln Prairie Behavioral Health Center and Streamwood Behavioral Health Hospital was inadvertently omitted from Attachment 19B of the above-identified Applications for Permit.

I apologize for this oversight.

Sincerely,

Jacob M. Axel

attachment

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PSYCHIATRIC SOLUTIONS, INC.

PSI

Title:	Financial Assistance Policy
Policy Number:	604.00
Effective Date:	March 2009
Last Review Date:	October 2009 (with revisions)

Policy:

It is the company's policy to provide financial assistance based on federal poverty guidelines to patients with no health insurance or other state or federal health assistance or for whom the out of pocket expenses are significant. All financial assistance will be provided based on established protocols and completion of the **Financial Disclosure Form (Attachment B)** and supporting documentation.

Procedures:

As stated in PSI Policy **#602.00** ***Insurance Verification***, all facilities must perform verification of benefits for each patient and each potential payor prior to or upon admission. If an admission occurs after normal business hours, the verification must be performed no later than the next business day. This insurance verification process should be completed to identify any potential resources for the patient's medical services, whether federal or state governmental health care program (e.g., Medicare, Medicaid, state or local government agency, Champus, Medicare HMO, Medicare secondary payor), private insurance company, or other private, non-governmental third-party payor source.

Financial assistance is not considered to be a substitute for personal responsibility. It is the responsibility of the patient/responsible party to actively participate in the financial assessment process and provide timely, accurate information, as requested. This requested information may include information concerning actual or potentially available health benefits such as COBRA coverage or Medicaid/state or local government agency coverage. Failure to provide accurate and timely information may subject the patient/responsible party to a denial of financial assistance.

Self Pay/Uninsured Patients

All self pay/uninsured patients (no current insurance coverage) will be requested to pre-pay for all services at time of admission/registration. Each facility must have a self pay deposit schedule based on various estimated lengths of stay and the facility's established self-pay rate. This deposit schedule should be used to estimate the upfront payment that is required for self pay patients.

ATTACHMENT 19B

If the patient is unable to pre-pay for services, the patient will be financially assessed during the pre-admission or admission process. The Financial Counselor, or designated Business Office staff member, will then meet with the patient and request that a **Financial Disclosure Form (see Attachment A)** be completed.

The Financial Counselor or Business Office Representative will meet with each patient expected to have an out of pocket liability to discuss payment arrangements and facilitate the completion of the **Financial Disclosure Form.** See **PSI Policy #603.00** ***Financial Counseling*** for further guidance regarding financial counseling for all patients.

Financially or Medically Indigent Patients

Financial assistance can be provided to financially and medically indigent patients (see definitions at the end of this policy) according to the discount scales as outlined in this policy, or based on other objective methodologies utilized by facility management. If the patient is unable to pay estimated out of pocket expenses, the patient will be financially assessed during the pre-admission or admission process in accordance with **PSI Policy #603.00** ***Financial Counseling***. During the counseling session, the **Patient Responsibility Worksheet** (see **Attachment A to PSI Policy #603.00**) will be utilized by the facility to assist in determining the capacity of the patient/responsible party to pay their estimated liability.

The Financial Counselor or Business Office Representative will meet with each patient expected to have an out of pocket liability to discuss payment arrangements and facilitate the completion of the **Financial Disclosure Form.** See **PSI Policy #603.00** ***Financial Counseling*** for further guidance regarding financial counseling for all patients.

During the financial counseling process, the facility may reasonably determine that COBRA coverage is available to the patient. In these cases, the patient will provide the facility with information necessary to determine the monthly COBRA premium. If the facility determines that the patient is financially unable to pay the COBRA premiums the facility may decide to pay the COBRA premium on behalf of the patient/responsible party. Payment of any COBRA premiums must be approved by the facility CEO and CFO prior to payment.

Determining Qualification for Financial Assistance

The **Patient Responsibility Worksheet** along with the **Financial Disclosure Form** will be reviewed by the Business Office Director (BOD) and facility CFO/CEO. These completed forms are required for the qualification of patients for financial assistance. The BOD or Financial Counselor is responsible for ensuring the completion of the Financial Disclosure Form by the patient/responsible party during the financial counseling process to evidence their ability to pay. All supporting documentation should be attached to the Financial Disclosure Form such as insurance verifications, Equifax and proof of income, etc.

The BOD or Financial Counselor will verify the income of the patient/responsible party via the review of one or more of the following:

- Copy of Most Recent Paystubs
- Copy of W-2
- Income Tax Return
- Current Credit Report
- Social Security Statement of Earnings

After thorough review of the **Financial Disclosure Form** and **Patient Responsibility Worksheet**, a facility may waive supporting documentation when it is apparent a patient/responsible party is unable to meet the requirements and clearly meets the uninsured financial assistance guidelines set forth in this policy. Waiver of supporting documentation must be approved by the facility CFO prior to processing.

Final approval of the financial assistance offered to the patient will be determined by the facility management (CFO/CEO) based on their review of the completed **Patient Responsibility Worksheet**, the completed **Financial Disclosure Form** and recommendations from the Business Office.

Approval and Recording of Financial Assistance

Financial or medical indigence (categorized as charity or indigent care on the facility general ledger) must be identified prior to the patient's discharge and must be written off in the patient accounting system no later than the end of the month following discharge.

Upon identifying a patient as financially or medically indigent, the patient account must be moved to the Charity/Indigent financial class in the patient accounting system and reserved at 100% at month end. See **Attachment C** to this policy for the required template for reserving administrative adjustments.

Indigent accounts pending Medicaid approval should not be immediately written off as Charity. Patients who are in the process of being qualified for Medicaid eligibility should be included in the Medicaid Pending financial class and reserved at the Medicaid reimbursement rate. If it is determined after discharge that the patient is not eligible for Medicaid coverage; however, the patient meets indigent criteria for the facility, the patient account may be written off as charity after discharge.

As noted in **PSI Accounting Policy #116.01 - *Administrative and Charity Care Adjustments***, the following approvals are required for any administrative or charity care patient account adjustment:

- BOD/CFO approval is required for financial assistance up to $5,000.
- CEO approval is required for financial assistance greater than $5,000 with Divisional CFO approval required above $10,000 as stated in **Policy# 116.01 – Administrative, Denial and Charity Care Adjustments.**

A form letter provided, **Notification of Determination of Eligibility for Financial Assistance (Attachment B)** can be used as a notification letter to inform patients/responsible parties of the facility's determination of financial assistance.

All documentation for financial assistance must be maintained in the patient file. The amount of financial assistance will only be applied after recovery from all third party payers has been verified. Reductions in revenue deemed financial assistance shall not result in a credit balance or a refund situation.

Methods for the Calculating of the Amount of Financial Assistance (Discounts)

These two methods are intended to illustrate a sliding scale. They can be used as a guide for facilities in conjunction with the completion of the **Financial Disclosure Form** and determination of any financial assistance:

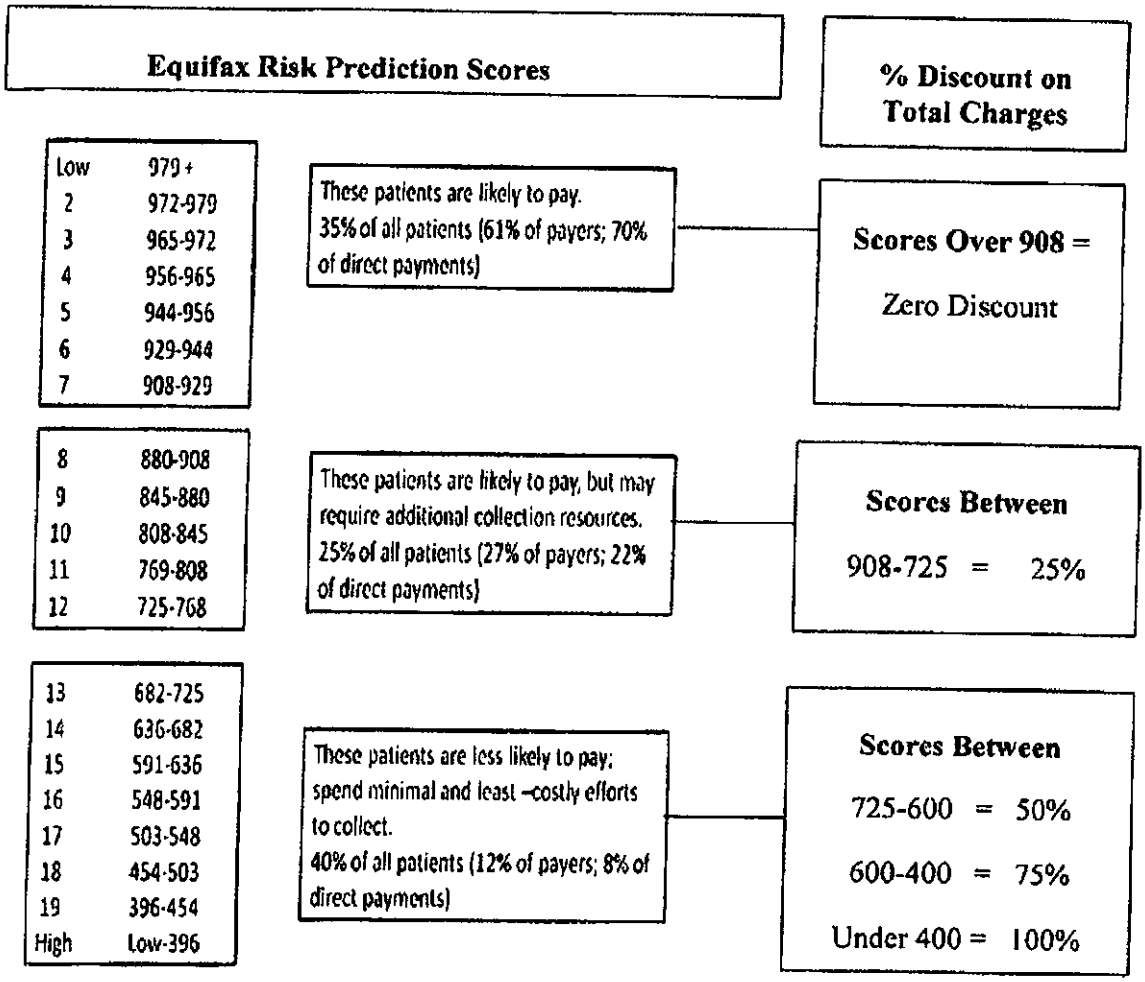
- This first method uses the Federal Poverty Guideline (FPG) Schedule. This schedule can be accessed via the internet by putting the following data in your web browser – (http://www.liheap.ncat.org/profiles/povertytables/FY2009/popstate.htm). First, find the number of the guarantor's dependents under the column labeled "Family Size." Then, locate the guarantor's annual income on the same row as the Family Size. In most cases, the guarantor's income will fall between two percentage categories (much like the tax schedule individuals use each year in determining what they owe the government).
    - With this information, determine the discount percentage based on the discount scale included herein. **Example:** Mr. Jones is uninsured and has met the criteria for financially indigent. According to his state income tax return, Mr. Jones earned $45,000 and has a family of 4 dependents. Mr. Jones's total charges are $30,000. In this example, Mr. Jones income level is less than 250% of the FPG and would therefore be eligible for an 80% discount or $24,000. Mr. Jones will be responsible for the remaining $6,000.

DISCOUNT SCALE

Income Level	% Discount on Total Charges
Equal or less than 250% of FPG	80%
251% - 300% of FPG	60%
301% - 350% of FPG	40%
351% - 400% of FPG	20%
Greater than 400% of FPG	0%

- The second method is the use of Equifax, which is a credit report scoring system to verify patient data that provides a risk prediction along with recommended discounts. PSI has determined that credit report information can play a significant role in the hospitals' financial decision making process when assessing ability to pay for services provided.

    - From the previous example above, the facility would run an Equifax report on Mr. Jones and it shows a score of 500 and recommends 75% discount. In the chart below, it defines scores and risk predictions from Equifax with some suggested discounts for the facility based on the financial data. The calculation would be for total charges of $30,000 at 75% would be a discount of $22,500. Mr. Jones is responsible for the remaining balance of $7500.



Definitions:

Equifax is one of the largest sources of consumer and commercial data in the world and has been providing business solutions using advanced analytics and the latest technologies for over 100 years. Equifax, through their EPort portal, is the preferred vendor for accessing consumer credit reports for PSI hospitals and entitles the company to volume discount pricing under a corporate agreement.

Financial Assistance also known as Charity Care or Discount is defined as a reduction in the cost of health care services granted to patients based on their capacity to pay their estimated liability.

Financially Indigent is defined as those patients who are accepted for medical care who are uninsured with no or a significantly limited ability to pay for the services rendered. These patients are also defined as economically disadvantaged and have incomes at or below the federal poverty guidelines (http://www.liheap.ncat.org/profiles/povertytables/FY2009/popstate.htm). An individual may also be classified as "categorically needy" by proof of entitlement to some state or federal government programs such as SSI, Food Stamps, Aid to Families with Dependent Children (AFDC) or Medicaid for which entitlement has been established, but for which coverage is not available for the expected dates of service.

Medically Indigent- is defined as those patients who incur severe or catastrophic medical expenses but are unable to pay and/or payment would require substantial liquidation of assets critical to living or would cause undue financial hardship to the family support system.

Attachments:

Attachment A- Financial Assistance Disclosure Form
Attachment B- Notification of Determination of Eligibility for Financial Assistance
Attachment C- Administrative Adjustments Reserve Template

Approvals:

Administrative: _____ Date: 12/17/09

ATTACHMENT 19B