



Health Safety Net and Medical Debt

Division of Health Care Finance and Policy

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Health Safety Net: Introduction

- The Health Safety Net (HSN) pays acute hospitals and community health centers for eligible health care services provided to low-income uninsured and underinsured Massachusetts residents.
- The HSN is administered by the Division of Health Care Finance and Policy (DHCFP) in accordance with the provisions of M.G.L. c. 118G, §§ 34 through 39.
- The HSN is not an entitlement program nor an insurance program.
- The HSN pays for three categories of services: services to low-income patients; medical hardship; and emergency bad debt.

Health Safety Net: Regulations

Regulation 114.6 CMR 13.00 governs HSN-eligible services:

- Eligibility criteria for low-income patients
- Standards for medical hardship
- Standards for provider claims for emergency bad debt, including reasonable collection efforts for emergency and urgent care
- Parameters for provider credit and collection policies, payment plans, and exemptions from billing

Health Safety Net: Low-Income Patient Determination

Eligibility – low-income patient status

- To be an eligible low-income patient, an individual must:
 - be a Massachusetts resident
 - have income 0–400% of the Federal Poverty Level (FPL)
 - be ineligible for MassHealth or Commonwealth Care
 - have no access to affordable insurance
- To apply for low-income patient status, an individual must submit a MassHealth Member Benefit Request; eligibility is determined by MassHealth.

Covered Services

- The HSN pays only for services covered by MassHealth Standard when delivered by an acute hospital or community health center.



Health Safety Net: Low-Income Patients

- Individuals with income below 200% of the FPL (currently \$20,208 for an individual) are responsible only for copayments for certain specified services.
- Individuals with income between 201% and 400% of the FPL (currently \$41,616 for an individual) are also responsible for a deductible equal to 40% of the difference between 200% of the FPL and their income. Individuals are notified of the deductible amount in their eligibility notification letter.

Health Safety Net: Medical Hardship

- An individual may qualify for medical hardship if his or her allowable medical expenses exceed a specified percentage of family income. A Massachusetts resident at any income level may qualify for medical hardship.
- If approved for medical hardship, the applicant's responsibility may be limited to a specified amount (the applicant contribution).
- A hospital or community health center may submit a claim for HSN payment for services provided in excess of the applicant contribution.
- Medical hardship is a one-time determination and not an ongoing eligibility category.
- DHCFP reviews the applications and makes decisions about eligibility.

Health Safety Net: Allowable Medical Expenses

The applicant's allowable medical expenses:

- must exceed a percentage of the applicant's gross income
- include paid/unpaid medical bills for which the patient is responsible up to 12 months prior to the date of the application
- may include family medical bills
- do not include bills for services incurred while the applicant was a "low-income patient"
- do not include bills from a prior medical hardship determination

Income Level	% of Gross Income
0-200% FPL	10%
201-300% FPL	15%
301-400% FPL	20%
401-600% FPL	30%
601% FPL or above	40%

Medical Hardship: Applicant Contribution

- The applicant contribution is the portion of the medical services for which the applicant remains responsible for incurred medical expenses.
- There is one medical hardship contribution per family per medical hardship determination.
- The applicant remains responsible for allowable medical expenses equal to the required contribution, including bills from health care providers other than Massachusetts hospitals and community health centers.
- If the applicant is a HSN low-income patient, the required contribution is deferred until the applicant's low-income patient status ends.
- An applicant may submit only two medical hardship applications within a 12 month period.
- If an applicant is approved for medical hardship twice during a 12-month period, the required Applicant Contribution is pro-rated.

Medical Hardship: Approval

- If an applicant is approved for medical hardship, the HSN pays for certain medical expenses remaining after the application of the medical hardship contribution.
 - The HSN pays only for services provided at acute hospitals or community health centers.
- Applicants remain responsible for bills from other providers, however these expenses are included as part of the calculation of an applicant's medical hardship contribution.

Health Safety Net: Allowable Bad Debt

- Providers may submit HSN claims for allowable bad debt.
- Bad debt is an account receivable (based on services furnished to a patient) which is:
 - regarded as uncollectible, following reasonable collection efforts
 - charged as a credit loss
 - relates to emergency or urgent care services provided by an acute hospital or urgent care services provided by a community health center

Allowable Bad Debt

A hospital or CHC may submit a claim to the HSN for bad debt if:

- Services were provided to an uninsured individual who is not a HSN low-income patient or an uninsured individual the hospital has assisted in completing a MassHealth application and is later determined to be a low-income patient
- Services provided were for emergency (hospital only) or urgent care (hospital or CHC)
- Provider can demonstrate that it has completed 120 days of continuous collection action

HSN Regulations: Credit & Collection Policy

- Each hospital and community health center must file a copy of its credit and collection policy with DHCFP.
- The credit and collection policy must conform to the requirements of the regulation and must include:
 - Standard collection policies and procedures
 - Policies and procedures for collecting financial information from patients
 - Emergency care classifications
 - The policy on deposits and payment plans for qualified patients
 - Copies of billing invoices, award or denial letters, and other documents used to inform patients of the availability of assistance
 - Descriptions of any program relating to hospital discounts from charges for the uninsured

HSN Regulations: Collection Action

- Acute hospitals and CHCs may not bill:
 - Low-income patients for eligible hospital and CHC services, except for HSN copayments and deductibles, until their “low-income patient” status expires or is terminated.
 - Patients enrolled in MassHealth, EAEDC, or Healthy Start, except for required c-payments and deductibles.
 - Participants in the Children’s Medical Security Plan whose family income is equal to or less than 400% FPL.
 - Individuals determined eligible for medical hardship in excess of the amount of their medical hardship contribution.
- Providers may bill low-income patients for services that are not covered services, if the services are provided at the request of the patient and the patient has agreed in writing to be responsible for payment.

HSN Regulations: Deposits & Payment Plans

Hospitals and community health centers must offer deposit and payment plans in accordance with the regulation.

Deposits:

- Providers may request deposits from individuals determined to be low-income patients for partial Health Safety Net (income between 201% to 400% of FPL). Deposits must be limited to 20% of the deductible amount, not to exceed \$500.
- Providers may request deposits from patients eligible for medical hardship. Deposits must be limited to 20% of the applicant contribution, not to exceed \$1,000.
- Providers may not require pre-admission and/or pretreatment deposits from individuals who need emergency services or who are determined to be low-income patients.



HSN Regulations: Deposit & Payment Plan

Payment Plans:

- An individual with a balance of \$1,000 or less, after initial deposit, must be offered at least a one-year payment plan interest-free with a minimum monthly payment of no more than \$25.
- An individual with a balance of more than \$1,000, after initial deposit, must be offered at least a two-year interest-free payment plan.

HSN Regulations: Other Requirements

- A provider or provider agent seeking to collect a low-income patient's deductible may not seek legal execution against the patient's personal residence or motor vehicle without the express approval of the provider's board of trustees. All board approvals must be made on an individual basis.
- Providers must provide individual notice of the availability of financial assistance programs, including HSN and Medical Hardship, and other programs of public assistance, in its billing correspondence and in signs located in areas used by patients, including inpatient, clinic and emergency admissions/registration areas and business offices.

Summary

- HSN providers may not bill low-income patients with income up to 200% FPL, except for required copayments.
- HSN providers may not bill low-income Patients with income between 201% and 400% FPL except for required copayments and the calculated deductible.
- HSN providers may not bill individuals approved for medical hardship for amounts in excess of the approved applicant contribution.
- HSN providers may submit claims for allowable bad debt if the debt is deemed uncollectible, is associated with emergency or urgent care, and there has been 120 days of continuous collection activity.