Program Policy Notice No. 14-05

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services Administration

Healthcare Systems Bureau

February 21, 2014

To: Hospitals Obligated Under the General Hill-Burton Uncompensated Services Regulations

Subject: Guidance for Hospitals

The purpose of this Program Policy Notice (PPN) is to alert hospitals to ways in which they can reduce their deficits and increase the amount of uncompensated services credit under the Hill-Burton program.

1. **Request uncompensated services on behalf of a patient.**

   Instead of waiting to receive a specific request for uncompensated services from a patient, a facility may make a request on behalf of an individual. To do so, the facility must have specific knowledge of the individual's total income and family size at the time of the request. The application/determination of eligibility form must include the date of the request, the date of the determination, family size/income information, dates of services, and the amount of free or reduced cost care provided. The patient does not need to sign the application. **A request may cover outstanding balances as well as services about to be provided.** Initiating requests on behalf of patients may allow Hill-Burton credit for services provided for which payment is not likely to be received.

2. **Review existing accounts with outstanding balances.**

   Facilities often have accounts for which they have been unsuccessful in collecting payments or which have been returned by their collection agencies as uncollectible. You may wish to review these open accounts and determine whether any may be for services provided to Hill-Burton eligible patients. You may ask the patients or family members for current income information, and apply on their behalf for Hill-Burton services. **Any amounts for services which are owed and are legally collectible under state law from the patient may be applied toward the facility's uncompensated services obligation, as long as the patient is <u>currently</u> eligible and the services are included in the facility's <u>current</u> Hill-Burton published allocation plan.**

You may consider deceased individuals for eligibility under the Hill-Burton program. In determining whether a deceased individual qualifies, eligibility is based on the family's income at the time of the request. **However, where the family includes only the deceased individual, financial eligibility is based on the decedent's income for the 3 months or 12 months preceding death, using the poverty guidelines applicable at the time of death.** For purposes of determining family size, the deceased patient is included as a family member.

3. **Provide services in another facility which is part of the same corporate entity and health service area.**

   Where a Hill-Burton facility is part of a single corporation that includes one or more health care sites, such as another hospital or an outpatient clinic, located within the same health service area, the facility may request approval to provide Hill-Burton uncompensated services in the other site(s). (See PPN No. 91-01.) If approved, uncompensated services provided at the site(s), in accordance with the regulatory requirements, may be credited toward the facility's Hill-Burton obligation.

4. **Consider filing a financial inability claim.**

   If you feel that your facility is financially unable to meet its adjusted annual compliance level, you may file a financial inability claim with the Department of Health and Human Services. If the Department, after reviewing the claim, finds that the facility is financially unable to meet the annual compliance level, the Department will establish a deferment schedule for the facility to make up that deficit. If the Department finds that the facility is financially able, an affirmative action plan will be required at that time. To determine if filing a financial inability claim is appropriate for your facility, please see PPN No. 95-07.

5. **Consider eligibility for one of the compliance alternatives.**

   There are three compliance alternatives. Two are designed to accommodate facilities that provide substantial amounts of free care, but are unable to qualify for Hill-Burton credit due to failure to meet certain regulatory requirements. The two alternatives are the public facility compliance alternative (for publicly owned and operated facilities) and the charitable facility compliance alternative (for public and non-profit facilities). The third alternative is the unrestricted availability compliance alternative, which was designed to accommodate Title VI facilities that operate fully expanded allocation plans, but have chronic deficits. Qualifying for one of these alternatives allows you to:

   - convert your obligation which is based on dollars to time;
   - absolve prior deficit years;
   - operate your own discounted health services program, defining both program and financial eligibility criteria (limited to the public and charitable alternatives); and
   - reduce record keeping and many other regulatory requirements applicable to non-alternative facilities (limited to public and charitable alternatives).

For additional information or assistance regarding items discussed above, or if you need a copy of the PPNs referred to above, please contact the Division of Poison Control and Healthcare Facilities, Healthcare Systems Bureau, Health Resources and Services Administration, 5600 Fishers Lane, Room 10-105, Rockville, Maryland 20857; telephone (301) 443-5656.

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