

Title A: Is Your Patient Billing Statement ACA Compliant?

Subtitle: What tax-exempt hospitals need to include in their billing statements.

Title B: How to Ensure Patient Billing Statement Compliance with 501(r) Requirements

Subtitle: What tax-exempt hospitals need to include in their ACA patient billing statements.

Title C: How to Stay ACA Compliant with Your Patient Billing Statements

Subtitle: Properly communicate your financial assistance policy (FAP) in your billing statements.

Although the Patient Protection and Affordable Care Act (ACA) was introduced in 2010, it wasn't until a couple of years ago that federal requirements were issued by the Internal Revenue Service and the Treasury Department.

While working to ensure that your internal procedures are conforming to the regulations, don't forget to update your patient communications – the billing statements in particular – to make sure you're meeting all the guidelines.

An Overview of ACA's Financial Assistance Policy (FAP)

To understand the ACA's patient billing statement requirements, let's first take a look at its financial assistance policies (FAP) and the regulations designed to address systemic problems with billing, collections, and community benefit within the hospital industry.

IRS Rule 501(r), which applies solely to tax-exempt (non-profit) hospitals, intends to:

- Increase transparency in financial assistance and collections policies.
- Curb the practice of overcharging certain patients for care.
- Protect patients from overly aggressive collections by hospital staff and third parties.
- Improve community benefit planning, collaboration, and investment.

As part of this law, tax-exempt hospitals must develop and implement written FAP that applies to all emergency and medically necessary care. They also need to widely publicize these policies to patients and the public.

In addition, the FAP should contain sufficient detail on the timeframe, process, and methods your hospital (or an authorized third party) will use to collect past-due bills.

The policy needs to cover:

- All levels of available financial assistance and the eligibility for each level.
- How patients can apply for financial assistance.
- How patient charges are calculated by explaining how the hospital arrives at the “amounts generally billed” (AGB) to their insured patients.
- A statement that eligible patients will not be charged more than the amounts billed to insured patients, meaning that non-profit hospitals can’t charge patients who qualify for financial help the often-inflated chargemaster rates.
- Steps the hospital may take to collect the unpaid patient balance.
- Third-party sources used to presumptively determine patient eligibility.
- A complete list of providers, such as affiliated physicians and facilities, covered by the policy.

Is Your Billing Statement Meeting the ACA Requirement?

An important part of the ACA focuses on making sure that patients are educated about available financial assistance through proper communications.

As such, it requires certain information to be included in all billing statements so that patients are informed about the FAP of the hospital and its affiliates.

Here’s what you need to know to ensure that your billing statements are ACA compliant:

Include a “Conspicuous Written Notice” in All Billing Statements

A plain language summary of your FAP should be included in all patient billing statements and related documents within the first 120-day window after the first post-discharge statement is sent.

The FAP summary of the billing document needs to cover the following:

- A notice about the availability of financial assistance, which includes a brief description of the program and eligibility.

- A phone number that patients can call to obtain additional information about the FAP and the application process.
- A URL where patients can read a plain language summary of the FAP, review the entire policy, obtain an application, download related documentation, and access translated versions of key information.

Provide a Suitable Notice of Extraordinary Collection Actions

Hospitals are required to make a “reasonable effort” to determine FAP eligibility and inform patients about the plan before using extreme collection actions (ECAs) to pursue unpaid balances.

According to the ACA, ECAs can include bill collection through a legal or judicial process, reporting adverse information to consumer credit reporting agencies or credit bureaus, selling patient debt, or denying, deferring, or requiring the patient to make a payment for services already rendered before providing the medically necessary care.

As part of such “reasonable efforts,” hospitals are required to send at least three statements before following up with ECAs.

In addition, you need to provide at least one written notice about the ECAs that your organization intends to use.

This written notice needs to include the full plain language description of your FAP, so the “conspicuous written notice” mentioned above won’t suffice.

Although this notification can be delivered electronically via email or on a patient billing portal, it’s only applicable to patients who expressly select electronic communication as their preferred channel of engagement.

Otherwise, it needs to be mailed out with the patient billing statement.

Include “Significant Communication” of Section 1557 of the ACA

[Section 1557 of the ACA](#) prohibits discrimination on the basis of race, color, national origin, sex, age, or disability in certain health programs and activities.

The notice and taglines associated with this section need to be printed in conspicuously-visible font size and included in communications targeted to beneficiaries, enrollees, applicants, or members of the public.

For small-size significant publication, there are provisions that allow the use of smaller font size, the inclusion of a nondiscrimination statement in lieu of the full notice, and the use of taglines in two non-English languages in lieu of all 15 taglines.

Ensure Compliance of All Hospital-Owned Affiliates

All physician or emergency care facilities associated with the hospital are grouped together for tax purposes and required to comply with all the 501(r) requirements, such as the inclusion of a conspicuous written notice in all billing statements.

If your facility is associated with a tax-exempt hospital, or your hospital has affiliated facilities that operate separate billing offices or use a different statement format, it's important to coordinate all billing procedures and patient statements to ensure consistency and compliance.

Consequences of Failing to Meet the ACA Billing Statement Requirements

Noncompliance with the financial assistance, charging, or collection provisions in the ACA can result in the revocation of tax status and taxing of income.

The revocation of a hospital's tax exemption could leave future patients exposed to a greater risk of poor billing practices while reducing the financial resources the hospital has available to serve the community.

The regulations and IRS guidelines do provide a "soft landing" for minor omissions or errors that are either inadvertent or due to a reasonable cause, as long as the hospital takes action to correct the problem once it's discovered.

As part of the correction, hospitals must establish, review, or revise internal policies and procedures to promote compliance.

A Better Way to Ensure ACA Compliance

Remedying a mistake will take more time and resources than getting it done right from the get-go.

However, it's not always easy to keep up with the latest regulations and make sure you're sending out all the right information along with your patient billing statements in accordance to each patient's account or payment status.

Not to mention, the complexity of staying compliant increases exponentially if your hospital has a network of facilities and affiliates that need to be coordinated.

Thankfully, you don't have to do it all on your own.

Using a third-party provider that specializes in [patient billing, statement printing, and payment solution](#) can help you improve the billing process to make it more patient-friendly, reduce the administrative cost, and get the assistance you need to stay current with any change in regulation so you can be confident that your patient communications are compliant at all times.

Sources

<https://www.communitycatalyst.org/resources/publications/document/CC-ACAHospitalBillsReport-F.pdf>

<http://info.eliteps.com/elitepsblog/four-ways-to-ensure-your-patient-statements-are-501r-compliant>

<https://www.federalregister.gov/documents/2016/05/18/2016-11458/nondiscrimination-in-health-programs-and-activities>