

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Releases Proposed Guidance to Ensure Patient Access to Financial Assistance from Charitable Hospitals

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WASHINGTON – The U.S. Department of the Treasury today released proposed regulations on a provision in the Affordable Care Act that helps ensure access to financial assistance for patients of charitable hospitals and protect patients from abusive collections practices. Under the rules issued today, charitable hospitals, as a condition of receiving tax-exemption, must establish billing and collections protections for patients eligible for financial assistance, and provide patients with the information needed to apply for such assistance.

“In recent months, we have heard concerns about aggressive hospital debt collection activities, including allowing debt collectors to pursue collections in emergency rooms. These practices jeopardize patient care, and our proposed rules will help ensure they don’t happen in charitable hospitals. These rules also require charitable hospitals to establish and publicize financial assistance policies, and give hospitals the flexibility to establish programs that meet the needs of their communities,” said Acting Assistant Secretary for Tax Policy Emily McMahon

The proposed regulations clarify hospitals’ responsibilities under the new statutory provision, promoting patients’ access to health care and financial assistance and transparency in financial assistance policies, while recognizing hospitals’ need for manageable rules governing their health care operations and financial affairs.

Key Elements of the Proposed Regulations:

Establishment and Disclosure of Financial Assistance Policy. Each tax-exempt hospital must establish a financial assistance policy that clearly describes the eligibility criteria for receiving financial assistance and how to apply for it. Consistent with the statute, the proposed regulations do not provide substantive requirements for a financial assistance policy regarding eligibility or amount of assistance, giving hospitals flexibility to determine the most effective way to serve their particular communities. Additionally, the proposed regulations describe how a hospital must widely publicize its financial assistance policy to ensure that community members are aware that aid is available.

Limitation on Collection Actions. A tax-exempt hospital is prohibited from engaging in certain collection methods (for example, reporting a debt to a credit agency or garnishing wages) until it makes reasonable efforts to determine whether an individual is eligible for the financial assistance it offers. Under these proposed rules, charitable hospitals must:

- Provide patients with a plain language summary of the financial assistance policy before discharge and with the first three bills;
- Give patients at least 120 days following the first bill to submit an application for financial assistance before commencing certain collection actions;
- Give the patient an additional 120 days (for 240 days total) to submit a complete application;
- If a patient is determined eligible for financial assistance during these 240 days, refund any excess payments made before applying for aid and seek to reverse any collections actions already commenced.

Limitation on Charges. A hospital may not charge individuals eligible for its financial assistance more for medically necessary care than the amounts generally billed to insured individuals. To help hospitals comply with this requirement when they do not know whether a patient is eligible for assistance, the proposed regulations provide a safe harbor. If a person has not applied for financial assistance, the hospital may bill the person at its usual charges, provided the hospital is reaching out to determine whether the person is eligible for financial assistance. If the person is eligible for aid, the hospital must refund any excess payments already made.

Non-Discriminatory Emergency Medical Care Policy. Each hospital must have a written policy requiring the hospital to provide emergency medical care without discriminating against patients who may need financial assistance. To simplify hospitals’ compliance with this requirement, the proposed regulations provide that a policy that is consistent with the requirements of the Emergency Medical Treatment and Active Labor Act (EMTALA) is generally sufficient. The proposed rules require the policy to prohibit debt collection activities in the emergency department or in other hospital venues where collection activities could interfere with treatment.

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