

## DISCOUNT POLICY

### PURPOSE:

To document discounts provided by Vanderbilt University Medical Center (VUMC) to uninsured and underinsured patients

### SCOPE:

This policy adheres to the common element Scope statement presented in the Finance & Revenue Cycle Policy on Policies.

### DEFINITIONS:

**Alternative Pricing:** Special pricing developed for certain market sensitive services which allows the organization to remain competitive in the healthcare marketplace. This pricing does not follow the standard technical / professional fee development.

**Appropriate VUMC Representative:** Those individuals serving in those positions identified in the Approval Requirements section below and relating to the corresponding Discount set forth below.

**Contracted Payer:** Third party payers, including health plans, rental networks, and self-insured employers, which have entered into a written managed care or pricing agreement with VUMC with respect to the health care services in question. Contracted Payers include managed care agreements with Medicare Advantage Plans and/or contracts with any other Governmental Payers.

**Eligible Health Care Services:** Services which are emergent and other medically necessary care. See Exhibit A for a list of Services Excluded from Eligible Health Care Services

**Financial Assistance or Financial Assistance Discounts:** Discounts for health care services provided to eligible patients with documented and verified financial need.

- **Financial Assistance:** Discounts provided to patients for medical bills based on income guidelines; and
- **Catastrophic Financial Assistance:** Discounts of medical bills based on family medical debt; patients are often referred to as medically indigent

**Financial Counseling:** Information and assistance provided to patients regarding their out-of-pocket liability, including those patients without sufficient insurance coverage, or who are unable to pay their estimated/actual liability prior to the treatment, or who have large past due balances.

**Health Care Sharing Ministries (HCSM):** Non-insurance entities in which members “*share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs.*” The Affordable Care Act’s rules regarding HSCMs are outlined in Section 1501/5000A(d)(2)(B) of the ACA. See SOP Appendix A for discounts defined for these type plans.

**International Individual:** International Individual: Any person receiving medical services who meets one of the following criteria:

- A non-U.S. citizen with non-U.S. insurance not living in the U.S. or U.S. territory for less than a continuous 12-month period
- A non-U.S. citizen with U.S. insurance not living in the U.S. or U.S. territory

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- A non-U.S. citizen with no insurance not living in the U.S. or U.S. territory
- A U.S. citizen with non-U.S. insurance living in the U.S. or U.S. territory for a period greater than 12 months
- A U.S. citizen with U.S. insurance not living in the U.S. or U.S. territory for a 12-month period
- Embassy sponsored patients

**Letter of Agreement (LOA):** The written agreement between VUMC and responsible party which stipulates the financial terms and conditions to provide healthcare services to a patient. See SOP for detailed LOA requirements

**Non-Contracted Payer:** Third party payers, including health plans, rental networks, self-insured employers, plans which reimburse based on a Reference Based Pricing methodology, which have networks that exclude Hospitals but include Providers, plans which have excluded VUMC from a particular product network, other plans which have not entered into a formal written managed care or pricing agreement for a product or products with VUMC. Health plans that offer Auto coverages or discount cards are always Non-Contracted Payors.

**Non-Covered Services:** Service not covered or considered not medically necessary by Payor for an individual member of the Payor.

**Plain Community Discount:** This specific discount (based on charges) is extended to the members of an established Plain Community (e.g. Amish and Mennonite). These patients do not have insurance and are extended the current uninsured discount associated with the specific facility in which eligible healthcare services are rendered (see Appendix A).

**Private Pay:** Patients identified without insurance coverage, Patients with only disease specific or defined benefit plans, which are not considered health insurance benefit plans, or who elects to opt out of their insurance coverage for specific services/events.

**Tennessee Code Annotated 68-11-262:** The Tennessee Law which defines the uninsured discount hospitals are required to provide to uninsured patients. Hereafter this law will be known as the "Tennessee Law".

**Tennessee Joint Annual Report (JAR):** Required annual reporting to the Tennessee Health Statistics unit for a variety of licensed health facilities. Data collected includes facility locations, patient origin by county and financial indicators.

**Transplant Services:** Medical services provided to patients for either solid organ or stem cell transplantation.

**Underinsured:** Insured patients who receive Eligible Health Care Services that are determined to be noncovered services or have limited benefit coverage by the insurance provider. This excludes plans with referenced based pricing and HCSMs. This does not apply to disease specific or defined benefit plans as these are not considered health care insurance coverage plans.

**Uninsured:** Patients identified as having no insurance coverage. This does not include those patients with HCSMs as identified by the Affordable Care Act

**Uninsured Discount:** A discount on charges for eligible healthcare services provided to uninsured patients. The amount of this discount is determined for each hospital annually based upon data from

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the most recently filed Tennessee Joint Annual Report as required by Tennessee law.

**U.S. Insurance Plan:** Insurance plan underwritten by a U.S. based insurance company and liable for the payment of the Covered Health Care Service provided to a patient. Registered and in good standing with the Insurance Commissioner's office of the state in which they are based.

**Vanderbilt University Medical Center (VUMC) or Vanderbilt Health:** As defined in the Finance & Revenue Cycle Policy on Policies.

### **POLICY:**

VUMC is committed to provide a discount for Eligible Health Care Services in accordance with applicable laws and regulations to patients who are uninsured, or, in some cases, insured but without insurance coverage for services offered by VUMC, but who may not be eligible for Financial Assistance set forth in the VUMC Financial Assistance Policy (FAP).

Discount requests are determined based upon the specific scenario and category, as described below. Consideration will be given to factors including but not limited to, patient insurance status, cost of health care services requested, payer relationships with VUMC, patient liability amount, and/or the time in which the Payer or individual can adjudicate and/or pay claims.

### **Discounts for Services Provided to Uninsured Individuals**

All Uninsured Patients will be provided an Uninsured Discount prior to the first billing statement. The Uninsured Discount is given without consideration of patient financial status in accordance with the Tennessee law and will be automatically posted on qualifying patient services.

In accordance with Tennessee Law, Uninsured patients are not to pay for services in an amount that exceeds one hundred seventy-five percent (175%) of the cost for services provided calculated using the financial information from the most recently filed hospital TN JAR. This Uninsured Discount for each hospital facility is updated annually and effective 1/1 each year.

See **SOP Appendix A** for Uninsured Discount percentages by facility and **SOP Appendix B** for Summary of all Patient Discount Percentages by Facility.

An Uninsured Discount, posted to a patient account, may ultimately be reclassified as a Financial Assistance Discount if the patient meets the additional income-based screening criteria described in VUMC (FAP). If patients are found to be eligible for discounts available through the VUMC FAP, the original Uninsured discount will be removed from the patient account and the appropriate FAP discount percentage discount will be applied per the FAP policy.

### **Discounts for Underinsured Patients and Non-Covered Services**

A discount from billed charges may be offered to patients with Contracted Payer coverage who are receiving medically necessary services not covered by insurance. (See **SOP Appendix B: Summary of**

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Patient Discount Percentages by Facility) for applicable discounts offered for these services.

### **Discounts for Services Provided to Non-Contracted Payers**

Discounts may be provided to Non-Contracted Payers through negotiation by the Vice President for VUMC Managed Care or their designee on a case-by-case basis, prior to services being rendered to the patient. The office of the Vice President for VUMC Managed Care will coordinate any necessary LOA. The Discount amount will only be offered to Non-Contracted Payers who honor the patient's in-network level of benefits, so the patient receives the benefit of the discount agreed upon in writing. It is expected that the Non-Contracted Payers Discounts will be documented with LOAs prior to medical services being provided.

### **Plain Community Discount**

This specific discount (based on charges) is extended to the members of the Amish and Mennonite communities in Tennessee. These patients have no insurance and are extended the current uninsured discount associated with the specific facility in which eligible healthcare services are rendered.

### **Discounts for Services Provided to International Individuals**

International Individuals enrolled in non-U.S. Insurance Plans (regardless of whether or not they are accessing a Contracted Payer or Non-Contracted Payers network) and/or have no insurance are expected to pay 100% of gross estimated charges for services provided by VUMC prior to scheduled appointments or services rendered. A patient may owe more if, based on the individual clinical condition and needs of the patient, actual charges exceed the estimate. The patient may be asked to provide an interim payment if charges exceed the estimated charges. Any agreed upon discount will be negotiated on a case by case basis by the Vice President of VUMC Managed Care or their designee, including Patient Financial Services, up to the discount amount reflected in this policy. For any discount to be applicable, Patient, or Patient's Sponsor shall sign the negotiated LOA and make payment as required by the LOA and this policy. Discount shall be applied within 90 days from date of service or date of discharge and Patient or Patient's Sponsor shall receive a refund in the amount of the applicable discount.

International Individuals enrolled in U.S. Insurance Plans which are Contracted Payers of VUMC will be required to follow the terms and conditions for those agreements.

International Individuals enrolled in U.S. Insurance Plans, which are Non-Contracted Payers of VUMC, may request a discount for emergent or medically necessary services. Non-Contracted Payors with International members may also request a discount for emergent or medically necessary services on behalf of its members. The requested discount will be negotiated on a case-by-case basis by the Vice President for VUMC Managed Care or their designee, including Patient Financial Services, up to the published discount amount (**See SOP Appendix B: Uninsured Discount Percentages by Facility**), prior to

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services being rendered to the patient. Discounts will only be offered to Non-Contracted Payers which honor the patient's in-network level of benefits. The Non-Contracted Payers Discount will be documented with a LOA (**See SOP Appendix C: Letter of Agreement (LOA) for International Patients**).

International individuals who are embassy sponsored patients will be negotiated on a case-by-case basis by the Vice President for VUMC Managed Care or their designee prior to services being rendered. The Discount will be documented with a LOA and applied within 90 days from the date of service or date of discharge. The Managed Care Office will coordinate with the embassy to obtain appropriate signatures on the LOA and to receive a letter of guarantee from the embassy. An embassy will NOT be required to make a deposit for an embassy sponsored patient UNLESS the embassy has previously failed to comply with a LOA. Such embassies will be required to pay any balances from previous embassy sponsored International Individuals AND pay 100% of gross estimated charges in advance for any future embassy sponsored International Individuals prior to the first patient visit.

Any exceptions to this policy require the approval of the Deputy Chief Executive Officer, VUMC and VUMC Chief Financial Officer.

### **Small Balance Discounts**

No formal approval is needed for small balance discounts for accounts with outstanding patient balances up to \$24.99 for technical hospital services and \$15 for physicians' services.

### **Letter of Agreement (LOA) Stipulations**

Specific items and language shall be incorporated into the LOA. Please see SOP for a detail of items to be included in each LOA.

### **Summary of Patient Discount Levels**

Please see **SOP - Summary of all Patient Discount Percentages by Facility** for all current Patient Discount percentages

### **Contact Information**

Questions regarding the interpretation of this policy should be directed to: Email:

[financepolicy@vumc.org](mailto:financepolicy@vumc.org)

### **Exhibits**

Appendix A: Services Excluded from Eligible Health Care Services

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### APPENDIX A: SERVICES EXCLUDED FROM ELIGIBLE HEALTH CARE SERVICES

- Cosmetic services or elective services that are not medically necessary;
- Vanderbilt Health On-Call services;
- Market Sensitive services where Alternative Pricing has been developed and deployed;
- Experimental Services;
- Transplant Services;
- Drug Therapies reviewed by the ERT Sub-Committee of P&T Committee;
- Retail Health Clinic Services;
- Retail and Specialty Pharmacy items
- Specified molecular tests (Examples: PREDICT & Whole Exome Testing) where Alternative Pricing has been developed and deployed.