



DUKE UNIVERSITY

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DUKE UNIVERSITY
HEALTH SYSTEM

October 23, 2012

VIA ELECTRONIC MAIL

The Honorable Charles E. Grassley
Ranking Member
Committee on the Judiciary
United States Senate
Washington, DC 20510-6275

Dear Senator Grassley:

Attached is the response of Duke University Health System, Inc. ("DUHS") to the inquiries presented in your September 28 correspondence to Dr. Victor Dzau regarding DUHS's participation in the 340B drug discount program.

Should you or your staff have questions or require additional information, please contact me.

Sincerely,

Mark D. Gustafson
Deputy General Counsel for Health Affairs

MDG/dld

Attachments

RESPONSES TO SENATOR GRASSLEY'S INQUIRY

1. *Please provide a summary of all revenue received from participating in the 340B program from 2008, broken down by year.*

The chart below presents the estimated aggregate revenue received by Duke University Health System, Inc. ("DUHS") through its 340B participating hospital (Duke University Hospital) from 2008 forward, using the definition of "340B revenue" set forth in the September 2011 Government Accountability Office report cited in Senator Grassley's letter ("all monies received by covered entities for drugs they purchase at the 340B price, whether or not the revenue meets or exceeds the costs paid for the drugs"):

FISCAL YEAR	ESTIMATED REVENUE FROM 340B DRUGS
2008	\$83,341,864
2009	\$88,953,570
2010	\$109,700,404
2011	\$131,759,091
2012	\$135,539,459

2. *Please explain whether, to what extent, and how Duke University Health System has reinvested those savings for the benefit of uninsured patients.*

The savings realized by DUHS through its participation in the 340B program contribute to the ability of DUHS to provide care to indigent and uninsured patients. Under the charity care and discount policies described in Response #4 below, DUHS provides services for free or at substantially discounted rates to patients who are uninsured or unable to pay. Attachment 1 includes the amount of charity care (at cost) among the other substantial community benefits (as defined by the Internal Revenue Service for inclusion in the Form 990) provided by DUHS during fiscal years 2008-2012. The cost of services provided under the DUHS charity care policy in fiscal year 2012 was \$69.1 million (as part of fiscal year 2012 community benefits totaling \$170.1 million). Duke University Hospital's status as a major provider of care to financially disadvantaged patients is reflected by the fact that its Medicare disproportionate share adjustment percentage is 18.9% in its most recently filed cost report, as compared to the threshold requirement of 11.75% for its participation on the 340B program.

DUHS is fully committed to providing access to necessary care for the communities it serves. Programs in which DUHS participated for the direct benefit of the uninsured population in its community include Project Access of Durham County, <http://www.projectaccessdurham.org/index.php?pid=55>], (as well as Project Access of Wake County) in which DUHS facilities serve as a key resource for low income, uninsured patients who have specialty medical care needs, and Local Access to Coordinated Health Care (LATCH), <http://communityhealth.mc.duke.edu/clinical/?/latch>, in which DUHS participates by

developing a continuum of care (inclusive of a “medical home”) and providing services to an uninsured population in Durham County for whom accessing the healthcare system is a challenge. DUHS provides the majority of the operating funds for LATCH. DUHS also provides a number of other neighborhood-based clinics and programs that are focused on underserved and often uninsured segments of the community and consequently operated at a substantial financial shortfall, some examples of which are the following:

- The provision of primary care services to low-income, uninsured patients in neighborhood-based clinics (Lyon Park Clinic, Walltown Neighborhood Clinic, and Holton Wellness Center) that are operated in partnership with Lincoln Community Health Center (“LCHC”), a Federally Qualified Health Center located in Durham. Approximately 82% of the patients seen in these clinics are uninsured.
- The operation of primary care wellness clinics within four Durham public schools. These clinics operate during the school year and provide medical and mental health services, including medical coverage during weekends and school holidays. The three elementary school sites offer bilingual mental health services designed specifically for immigrant families and children.
- Just for Us, a program also operated in partnership with LCHC, providing primary care, case management, nutrition counseling, and occupational therapy services for frail, medically complex elderly patients and adults with disabilities in their apartments, based in 13 public or subsidized senior housing sites. DUHS provides the majority of ongoing operational support for the Just for Us program.

Notably, community-based programs such as those described above reflect the fact that the measure of DUHS’s service to the uninsured goes well beyond the application of its Charity Care and Discount policies. DUHS’s commitment to improving access to care for uninsured patients is reflected in summary fashion in DUHS’s 2012 Report on Community Benefit (containing financial data for DUHS fiscal year 2011), included as Attachment 2. Savings achieved through participation in the 340B program enhance DUHS’s ability to maintain and expand its current array of clinical services and outreach programs as an important component of the provider “safety net” for the communities it serves.

3. *Please provide the payer mix for all 340B drugs from 2008-2012. Please list the price at which Duke University Health System purchased each 340B drug, and the price at which it sold the drug, per payer mix.*

DUHS has worked diligently to gather the data presented below, which has required compiling, assimilating and validating data involving thousands of drugs and hundreds of thousands of patients across the five year period.

There are some limitations associated with compiling and presenting the data. The price at which DUHS purchases drugs from manufacturers changes frequently and often materially during the year, and DUHS does not record the actual acquisition cost in a manner that associates that cost with the specific outpatient who received the drug. That fact does not allow for the generation of drug-specific data that accurately relates drug costs to payments received.

The charts below provide the following information for each of the five years requested: The payer mix for recipients of 340B drugs (as a percentage of patients to whom 340B drugs were administered or dispensed) and the annual expenditure by DUHS for 340B drugs.

PAYER MIX

YEAR	MEDICARE	NC MEDICAID	PRIVATE	SELF-PAY
2008	12%	6%	77%	5%
2009	14%	7%	74%	5%
2010	17%	10%	69%	5%
2011	19%	8%	68%	4%
2012	19%	9%	67%	5%

340B PURCHASES

YEAR	EXPENDITURE ON 340B DRUGS
2008	\$43,439,245
2009	\$42,363,667
2010	\$50,728,709
2011	\$54,848,988
2012	\$65,882,189

The above expense data represents only the purchase price for 340B drugs from the manufacturer, and excludes substantial related storage, handling, preparation, dispensing, and departmental and general overhead costs to DUHS.

When compared to the 340B revenue figures provided in Response #1 above, the annual expenditure-to-revenue ratio for each year is as follows:

YEAR	EXPENDITURE	ESTIMATED REVENUE	RATIO
2008	\$43,439,245	\$83,341,864	1.92
2009	\$42,363,667	\$88,953,570	2.10
2010	\$50,728,709	\$109,700,404	2.16
2011	\$54,848,988	\$131,759,091	2.40
2012	\$65,882,189	\$135,539,459	2.06

4. *Please describe and provide documentation on Duke University Health System's indigent care population and composition. What is Duke University Health System's policy on charitable care? Please provide documents on Duke University Health System's charitable care policies.*

Included as Attachment 3 are the following materials: 1) A printout of the "Billing Assistance and Charity Care" section on the DukeHeath.org website describing charity care eligibility and

processes to patients; and 2) Copies of DUHS's Charity Care Policy (including attachments) and the separate Discount Policy, both of which apply to services received at all DUHS facilities.

As reflected in those materials, DUHS automatically (without application by the patient) screens a patient for charity care eligibility if that patient 1) received emergency services and has a self-pay balance; or 2) is a Durham or Wake County resident who received non-emergent "DUHS Physician Approved Services" (see sections 6 and 7 of the Charity Care Policy). Additionally, uninsured patients receiving a discount under the Discount Policy are automatically evaluated for charity care eligibility without any application process.

For fiscal year 2012, a total of 296,058 distinct patient encounters resulted in the provision of charity care by DUHS under the attached Charity Care Policy. Additionally, 23,330 patient encounters resulted in an uninsured patient discount in accordance with the attached Discount Policy. Of those encounters, 96% were associated with North Carolina residents. Charity care was provided to residents of all 100 counties in North Carolina, with 77% of those recipients residing in Durham and Wake Counties. The other charity care recipients were residents of 43 states, with most coming from Virginia and South Carolina.

5. *Has the Health Resources and Services Administration ever audited Duke University Health System's 340B program?*

No.

Attachment 1

Duke University Health System

Community Benefits Provided

Attachment 1

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>IRS Defined:</u>					
Charity care at cost	45.1	47.7	64.1	64.7	69.1
Unreimbursed medicaid	50.5	62.1	68.7	89.2	33.9
Health professionals education	37.9	40.1	42.3	46.8	55.8
Cash and in-kind community programs	<u>7.5</u>	<u>8.2</u>	<u>9.1</u>	<u>9.5</u>	<u>11.3</u>
 Total IRS Defined Community Benefits	 141.0	 158.1	 184.2	 210.2	 170.1
<u>Other Uncompensated:</u>					
Unreimbursed medicare	56.7	68.9	62.0	90.3	96.0
Bad debt write-offs at cost	<u>31.0</u>	<u>25.2</u>	<u>12.0</u>	<u>23.0</u>	<u>24.5</u>
 Total Community Benefits and Other Uncompensated Care	 <u><u>228.7</u></u>	 <u><u>252.2</u></u>	 <u><u>258.2</u></u>	 <u><u>323.5</u></u>	 <u><u>290.6</u></u>



DUKE UNIVERSITY HEALTH SYSTEM
Corporate Finance

\$ in Millions

Attachment 2

2012 Report on Community Benefit

Duke University Health System

\$324 million

Total community benefit and investment

IRS-DEFINED CATEGORIES

\$65M

Charity care
at cost

\$89M

Unreimbursed
Medicaid

\$47M

Health
professions
education

\$10M

Contributions
to community
groups

OTHER COMMUNITY INVESTMENTS

\$90M

Unreimbursed
Medicare

\$23M

Unrecoverable
patient debt

(All figures for fiscal year ended June 30, 2011)

In challenging times, making a significant impact



As president and CEO of Duke University Health System, it is my honor to present this overview report of our community benefit and investment during the 2011 budget year.

Duke was founded more than 80 years ago with a mission to provide excellent care to every patient and

to provide outstanding support to the communities and people we serve. That mission has guided us as we have grown into a leading academic health system that serves patients from every North Carolina county.

In living out that mission, and in honoring our core organizational value to care for patients and their loved ones, we benefit the community daily by providing high quality urgent and emergent medical care regardless of a patient's ability to pay.

But our mission and values inspire us to do more, to seek new ways to improve the quality of life and health outcomes across an entire community. I invite you to read below about our newest collaborative effort, the Durham Diabetes Coalition.

In these challenging times, together with our community partners, we continue to make a significant impact. My thanks go to all of our partners and to our faculty and staff who have given selflessly over the last year to serve our communities.

Victor J. Dzau, M.D.

Duke University Chancellor for Health Affairs
President and CEO, Duke University Health System

\$10 million

Contributions to community groups

Duke continues to build on its longstanding partnerships with community groups to collaboratively identify and eliminate health disparities and remove obstacles to accessing medical care.

By the numbers

\$10M — Aid to community groups
40,670 — Lincoln Community Health Center (LCHC) patients
86.6% — Portion of LCHC patients living below the federal poverty level
More than \$1M — Value of in-kind lab services provided by Duke Raleigh Hospital to the Open Door Clinic

(Dollar figure is at cost for the fiscal year ended June 30, 2011)

In the 2011 fiscal year, Duke provided \$3 million in direct support and \$4 million in in-kind support for Lincoln Community Health Center and its satellite community clinics, which serve an overwhelmingly poor, uninsured patient population in Durham. Duke also provided \$2 million for Durham County's Emergency Medical Services operation.

Duke Raleigh Hospital provided in-kind lab services of more than \$1 million in value in the 2011 fiscal year to the Open Door Clinic, which provides no-cost comprehensive care to uninsured and indigent people in Wake County.

\$47 million

Educating future health professionals

At the core of Duke's mission is improving health care for patients and communities by training doctors, nurses and other health professionals for tomorrow's increasingly community-focused health care delivery system.

The training recognizes that care will be delivered in an emerging variety of non-traditional settings using innovative models of care.

Duke's Learning Together program is an example of how health professions students develop those skills by teaching health and wellness practices to diverse community populations, including elementary school children and the elderly. In doing so, the learners gain skills they can use as health professionals to work effectively in any community.

By the numbers

\$47M — Investment in all of Duke's health professions training programs
15 — Learning Together projects that served:
1,224 — Community children
239 — Community adults

(Dollar figure is at cost for the fiscal year ended June 30, 2011)

\$267 million

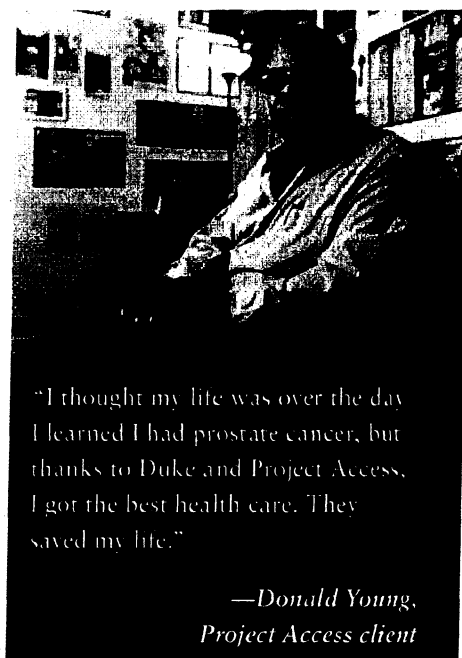
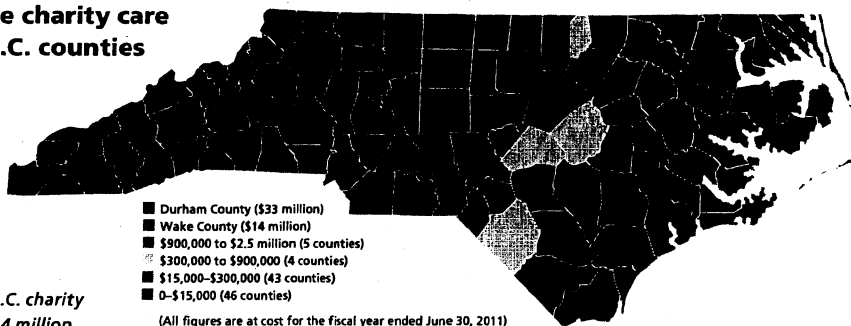
Charity care and other unreimbursed expenses

Like Donald Young, people with urgent and emergent medical needs receive medical care at Duke regardless of their ability to pay. In the 2011 fiscal year, Duke provided charity care at cost valued at \$65 million to patients from every North Carolina county.

In addition to providing primary care at no charge, Duke physicians donate specialty care services to eligible uninsured patients through a program called Project Access. Across the spectrum of charity care, Duke works with patients to access the benefits to which they are entitled. And, when government programs don't completely cover the cost of care, Duke makes up the difference.

Duke also works to control Medicaid costs through its leadership role in the Community Care of North Carolina (CCNC) program, which improves the care of more than a million patients while reducing unnecessary hospital and emergency department visits. Between 2006 and 2010, CCNC, now a national model, saved state taxpayers nearly \$1 billion.

Duke charity care in N.C. counties



"I thought my life was over the day I learned I had prostate cancer, but thanks to Duke and Project Access, I got the best health care. They saved my life."

—Donald Young,
Project Access client

By the numbers

\$65M — Charity care at cost
\$89M — Unreimbursed Medicaid costs covered by Duke
\$90M — Unreimbursed Medicare costs covered by Duke
\$23M — Unrecoverable patient debt
300,077 — Visits to Duke by patients with Medicaid benefits

(All dollar figures are at cost for the fiscal year ended June 30, 2011)

Community health

Making life better for people with type 2 diabetes

Over many years, Duke and community leaders have forged a close, collaborative partnership to improve the health and access to health care of all Durham County residents.

An excellent example of that vibrant partnership is Durham Health Innovations (DHI), which is developing new ways to reduce death and disability from specific diseases and disorders in the community.

Among nearly a dozen initiatives, DHI spawned the Durham Diabetes Coalition (DDC), launched in the fall of 2011 to improve health outcomes and the quality of life for people with type 2 diabetes.

Combining grassroots and neighborhood-based initiatives, the DDC integrates innovative approaches to community health, such as the use of geospatial technology to map clusters of patients with health problems and the resources available to those neighborhoods.

By the numbers

\$6.2M — Amount of five-year foundation grant awarded to Duke and Durham Diabetes Coalition partners
12% — Estimated portion of Durham County's 268,000 residents believed to have diabetes
26 million — Number of Americans with diabetes

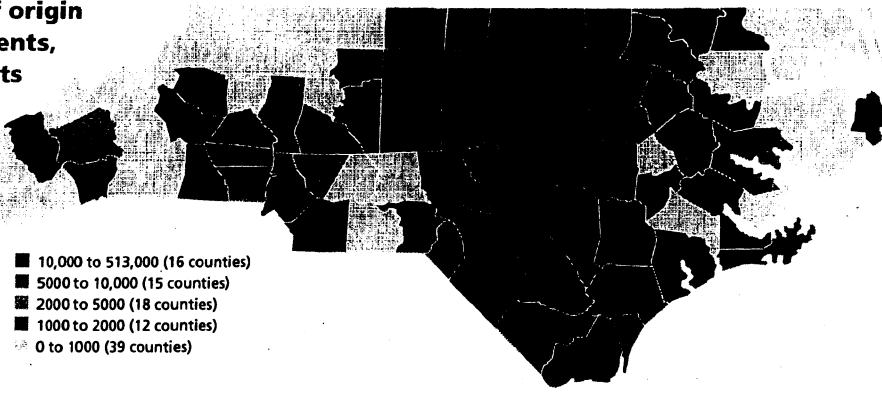
"We greatly value Duke University Health System's role in the Durham Diabetes Coalition and in many other collaborative efforts to move Durham County into a new era of health, wellness and community-oriented care."

—Gayle Harris, director,
Durham County
Health Department

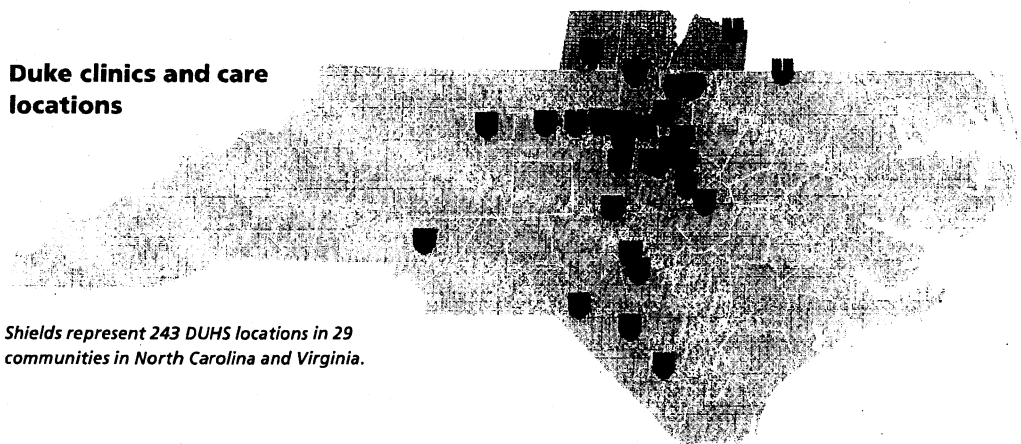
Duke University Health System

Duke University Health System is a world-class provider of health care services based in Durham, N.C., but with an impact across North Carolina, the Southeast, and around the world.

County of origin for inpatients, outpatients

- 
- 10,000 to 513,000 (16 counties)
■ 5000 to 10,000 (15 counties)
■ 2000 to 5000 (18 counties)
■ 1000 to 2000 (12 counties)
■ 0 to 1000 (39 counties)

Duke clinics and care locations



Shields represent 243 DUHS locations in 29 communities in North Carolina and Virginia.

Duke University Health System components

Duke University Hospital is a tertiary and quaternary care hospital, and specialty outpatient clinics, located on the campus of Duke University Medical Center in Durham.

Duke Children's Hospital & Health Center is consistently ranked among the top pediatric specialty programs in the nation.

Durham Regional Hospital is a full-service community hospital serving Durham, Orange, Person, and Granville counties, and surrounding communities.

Duke Raleigh Hospital provides an array of medical care services to patients in Wake County.

Duke Primary Care serves patients across eight counties in the greater Research Triangle.

Davis Ambulatory Surgical Center is an outpatient surgical facility in Durham.

Duke Home Care & Hospice provides home care services in Orange, Durham, Granville, Wake, Person, and Vance counties; infusion services throughout North Carolina, South Carolina and Virginia; and palliative care for clients.

In addition, Duke University Health System provides services and care at numerous other locations across North Carolina and beyond. For more information, go to DukeHealth.org.



Office of Community Relations

DUMC Box 3701
Durham, N.C. 27710

For more information about DUHS's community involvement, visit communityrelations.duhs.duke.edu, or call (919) 668-3792



Attachment 3



DukeHealth.org

Connect with your health care at Duke Medicine

[Home](#) > [Patient and Visitor Info](#) > [Patient Billing](#) > Billing Assistance and Charity Care

Patient Billing

Billing Assistance and Charity Care

Duke's commitment is to provide care to all patients with a high level of dignity, respect, and skill.

What Duke Will Do for You

Duke's commitment is to provide care to all patients with a high level of dignity, respect, and skill.

Can't Pay a Bill? We Can Help

Please tell us if you cannot pay your bill in full and let us help you. Our patient account representatives and financial care counselors can assist you with filling out applications for government-sponsored programs and describing monthly payment plans and other financial assistance programs available for those patients who meet certain financial criteria.

Charity Care Eligibility

Patients who do not have insurance and receive treatment at a Duke University Health System (DUHS) facility may receive discounted services under DUHS' charity care policy.

Medical treatment that is urgent or provided on an emergency basis, is eligible for a charity care discount under the DUHS charity care policy.

Examples of this type of treatment include:

- Treatment provided in a DUHS Emergency Department
- Treatment provided in an inpatient setting following an urgent admission to a DUHS hospital
- Follow-up treatment to services provided through the Emergency Department once a follow-up visit and evaluation has occurred with a Duke physician

Health care services necessary to prevent a serious health impact as determined by a Duke physician also may be eligible for a charity care discount.

Cosmetic, transplant, experimental, and elective services are not eligible for a charity care discount.

Patients may receive up to a 100 percent discount on eligible services. Discount amounts are based upon a patient's adjusted gross income compared to percentages of the current Federal Poverty Income Guidelines.

Duke Patient Revenue Management Organization (PRMO) Charity Sliding Scale						
	% of Poverty Guidelines	200%	225%	250%	275%	300%
	Discount Received	100% Discount	80% Discount	70% Discount	60% Discount	50% Discount
Family						

Related Content

Charity Care Applications

[Financial Hardship Form - English](#) (PDF, 80 KB)

[Financial Hardship Form - Spanish](#) (PDF, 84 KB)

Share

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Like 19

0

Size	1	\$21,780.00	\$24,502.50	\$27,225.00	\$29,947.50	\$32,670.00
	2	\$29,420.00	\$33,097.50	\$36,775.00	\$40,452.50	\$44,130.00
	3	\$37,060.00	\$41,692.50	\$46,325.00	\$50,957.50	\$55,590.00
	4	\$44,700.00	\$50,287.50	\$55,875.00	\$61,462.50	\$67,050.00
	5	\$52,340.00	\$58,882.50	\$65,425.00	\$71,967.50	\$78,510.00
	6	\$59,980.00	\$67,477.50	\$74,975.00	\$82,472.50	\$89,970.00
	7	\$67,620.00	\$76,072.50	\$84,525.00	\$92,977.50	\$101,430.00
	8	\$75,260.00	\$84,667.50	\$94,075.00	\$103,482.50	\$112,890.00
	9	\$82,900.00	\$93,262.50	\$103,625.00	\$113,987.50	\$124,350.00
	10	\$90,540.00	\$101,857.50	\$113,175.00	\$124,492.50	\$135,810.00

Patients who have large medical bills after insurance pays may also be eligible for charity care discounts. These medical hardship situations impact a patient's ability to pay for basic living expenses and are evaluated on a case-by-case basis.

Applying for Charity Care

For care provided through the Emergency Department and for many uninsured patients receiving eligible services, no formal application is required. During the visit, financial counselors will meet with patients to determine whether there are any outside forms of financial assistance, such as Medicaid, Crime Victim, or the Cancer Control Program available to pay for services.

If outside financial assistance is not available, a charity care discount will be provided automatically based upon the patient's reported income level.

For other eligible inpatient and outpatient services, DUHS financial counselors will assist patients in applying for outside forms of financial assistance or charity care during the patient's stay or visit.

To qualify for a charity care discount, a patient must provide the necessary information and documentation to determine whether any form of outside financial assistance is available. Patients may be denied charity care if they or their family fails to cooperate with this process.

If you believe that you qualify for charity care or other forms of outside financial assistance but have not spoken with a financial counselor or received a discount, please contact customer service at 919-620-4555 or 800-782-6945.

Download the forms:

- [Financial Hardship Form -- English](#) (PDF, 80 KB)
- [Financial Hardship Form -- Spanish](#) (PDF, 84 KB)

Uninsured Patient Discounts

A 50 percent uninsured patient discount is available to all domestic uninsured patients. This discount applies to all services except cosmetic services. No application is required. This discount is automatically applied to the total statement balance.

We Bill Your Insurance Directly

For services typically covered by insurance, we will bill your primary insurance company, and if applicable, your secondary insurance company as a courtesy, including Medicare and Medicaid.

It is important to remember that health insurance coverage varies and some services may not be covered. If you have questions regarding your health insurance coverage, please call your insurance company to better understand how your policy works prior to receiving care at Duke.

Statements for Unpaid Balances

Collection Process

Patients receive monthly statements for amounts greater than \$10 that DUHS determines are the patient's responsibility, either after insurance has paid or for patients without insurance.

Patients will be contacted four times (statements, phone calls, and e-mails) during a 120-day period reminding the patient of his or her bill. During this period, patients are expected to pay their bills in full or to establish a payment plan.

If the balance is unpaid after the 120-day period, the account will be sent to a collection agency. The patient's credit will reflect the unpaid bill 60 days after collection agency placement.

In select cases, DUHS may choose to engage an attorney in a collection action. This step would occur only after DUHS has thoroughly reviewed the account and determined that the patient is not eligible for charity care or other forms of assistance.

Payment Plans

DUHS offers interest-free payment plans up to six years in length, depending upon the balance of the account. Payment plans may be established prior to, at the time of, or after services have occurred. For payment plans established prior to or at the time of service, the first month's payment must be made to establish the plan and the patient must not have any outstanding bills with DUHS.

Please contact customer service at 919-620-4555 or 800-782-6945, contact a financial care counselor at one of our locations, or visit healthview.dukehealth.org to establish a payment plan.

Financial Brochure

Please refer to our [brochure](#) (PDF, 456 KB), which provides more information on insurance and the patient billing process.

Methods of Payment

For your convenience, we accept cash, checks, and all major credit cards for payment. Payment is due 15 days after you receive a statement.

Overpayment Questions

Please contact customer service at 919-620-4555 or 800-782-6945 if you have any questions regarding overpayments. If applicable, we will apply any overpayments to any of your other outstanding balances.

Itemized Statements for Attorneys

If your account is a result of an automobile accident or other accident caused by another party, you can request itemized statements to be sent to any attorney involved in the account.

However, you will remain responsible for making payment on the account until the dispute is settled. We will follow all regulations related to accident coverage for patients covered by Medicare or Medicaid.

About This Page

Updated: Feb. 18, 2011

Published: Mar. 25, 2008

URL: http://www.dukehealth.org/patients_and_visitors/patient_billing/what_duke_will_do

**DUKE UNIVERSITY HEALTH SYSTEM
PATIENT REVENUE MANAGEMENT ORGANIZATION, LLC
POLICY & PROCEDURE**

TITLE	
Charity Care	

PURPOSE

To define the Duke University Health System ("DUHS") policy related to the provision of uncompensated medical services, free of charge, or on a discounted basis, to those patients, as defined in this policy, who demonstrate an inability to pay.

This Charity Care Policy will serve to:

- Formalize the Charity Care Adjustment approval and reporting process.
- Provide guidelines for distinguishing between Charity Care Services and bad debt, negotiated or uninsured discounts, and contractual adjustments.

DEFINITIONS

"Active Bad Debt Collections Cycle" is defined as 36 months after the date of write off to bad debt.

"Application Process" is a process by which a patient or their appropriate representative completes a paper or an electronic form that provides DUHS with information on the patient's income, family size, and assets. All applications will be evaluated on a case-by-case basis by Appropriate DUHS Representatives, taking into consideration medical condition, employment status, potential future earnings, and assets.

"Appropriate DUHS Representative" is defined as those individuals serving in positions identified in the Approval Requirements section below along with other DUHS financial service representatives such as financial care counselors, Medicaid assistance counselors, and customer service representatives.

"Charity Care Services" are defined as health care services provided free of charge or on a reduced charge basis to uninsured, under-insured, and Medically Indigent individuals who meet certain financial criteria, demonstrate an inability to pay, and are approved pursuant to this policy. Charity Care Services are also referred to as Charity Care.

"Charity Care Adjustment" is defined as the write-off of a self-pay balance for which the patient is not able to pay as determined by the criteria defined within this policy.

"Medical Indigency/Medically Indigent" is defined as a circumstance in which payment for medical services would result in an inability to meet basic living expense. In most cases, if the total patient liability exceeds 50% of the current year or prior year annual adjusted gross income of the patient (or the patient's household if filing jointly), the patient would be deemed Medically Indigent.

"Emergency Department Services" are services provided and billed by the respective DUHS hospital.

"Emergent Services" are health care services that, in the absence of immediate medical attention, could reasonably be expected to result in a) placing the health of the individual (or with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy, b) serious impairment to bodily functions, or c) serious dysfunction of any bodily organ or part.

"DUHS Physician" is defined as a physician who provides his/her hospital-based professional services solely at a DUHS hospital.

"DUHS Physician Approved Services" are health care services that are not Emergent Services, but are necessary and appropriate to prevent serious deterioration in the health of the patient from injury or disease. Often, follow-up services provided for care originating in the Emergency Department. Transplant services are specifically excluded.

"Elective Services" are services that are not Emergent Services or DUHS Physician Approved Services and include cosmetic services.

"Estimated Equity Value" is the tax value of any real property asset(s) less the debt on the asset(s) less the statutorily exempted exclusion from any judgment lien (\$10,000 per person).

"Experimental Services" are services that have not been approved by the Centers for Medicare and Medicaid Services (CMS) as acceptable treatment for a particular medical condition.

"Poverty Income Guidelines" are guidelines published annually in the Federal Register by the United States Department of Health and Human Services that, based upon income and family size, define the poverty level in the United States.

"Screening Process" is process that provides information regarding a patient's income level and credit history via a third party screening service. Based upon the information provided through the third party screening service, patients may be deemed eligible for Charity Care Adjustments as allowed in whole or part by this policy. If the third party screening process returns incomplete information (often because the patient is homeless or has not established a complete credit history), this information will be used as a presumptive indication of an income level of less than 200% of the Poverty Income Guidelines and a Charity Care Adjustment can be applied, accordingly, if other requirements of this policy are met.

"Transfer" patients are individuals that are referred to DUHS for services by a third party hospital due to an inability of that hospital to provide services or treatment to a patient.

"Project Access" is a community based indigent care program offered in Wake, Durham and Johnston counties.

"Southern High School" is a community based clinic for local area high school students.

"Uninsured Individual" are individuals who are individually responsible for payment of charges for health care services and (a) who are uninsured, having no third party coverage by a commercial third party insurer, an ERISA plan, a Governmental Payor, workers' compensation, a medical savings account or other coverage for all or part of a bill from DUHS, including claims against third parties covered by insurance to which DUHS is subrogated, or (b) who are self-insured or as to a given health care service due to either a policy exclusion for a specific service or due to policy benefit maximums that have been reached and (c) have not had the benefit in reduction of a contractual adjustment.

"Uninsured Patient Discount" Discount provided to Uninsured Individuals as outlined in the PRMO Discount Policy.

SCOPE AND APPLICABILITY

This Charity Care Policy is applicable to patients receiving Emergent Services in a DUHS facility. The only permissible exception to this limitation shall be for patients receiving DUHS Physician Approved Services as determined to be required by a DUHS Physician, following appropriate scheduling with and evaluation by such physician. Elective and Experimental Services are excluded from this policy.

This policy applies to DUHS and all its subsidiaries and wholly-controlled entities, including the following (collectively, "DUHS Entities"):

- Duke University Hospital
- Durham Regional Hospital
- Davis Ambulatory Surgery Center
- Duke Raleigh Hospital

- o Duke Primary Care
- o Duke Health Community Care

This policy supersedes any previous policies with regard to Charity Care Services.

POLICY

Patients who demonstrate an inability to pay and who meet this policy's financial criteria for qualification will be considered for Charity Care Services. Patients are informed of the Charity Care Policy primarily through the DUHS website at www.dukehealth.org. This website address is listed on all patient billing statements. In addition, patients may also be provided with DUHS' financial brochure or a summary of financial policies during their treatment process. Appropriate DUHS Representatives are also available to patients at DUHS inpatient and outpatient locations.

The qualification for Charity Care Services will be based on the adjusted gross income of the patient (or the patient's household if filing jointly) for the current year or prior year. To meet the income requirements for Charity Care Services, the adjusted gross income of the patient (or the patient's household if filing jointly) for the current year or the prior year may not exceed 300% of the Poverty Income Guidelines. For patients with adjusted gross income of less than or equal to 200% of the Poverty Income Guidelines, a 100% Charity Care Adjustment would be applied. For patients with adjusted gross income above 200% but less than or equal to 300% of the Poverty Income Guidelines for the most recent year, a sliding scale discount will be applied in percentage increments depending upon income and family size. See Attachment C for the Charity Care Sliding Scale.

If the adjusted gross income of the patient (or the patient's household if filing jointly) exceeds 300% of the Poverty Income Guidelines, the patient may still be eligible for Charity Care Services if the patient is determined to be Medically Indigent by the Appropriate DUHS Representative. Once the patient is determined to be Medically Indigent, a Charity Care Adjustment will be applied to reduce the patient's liability to 50% of the adjusted gross income of the patient (or the patient's household if filing jointly) for the prior year as measured by the patient's last tax return or the most current year's tax return. This amount may be payable over an extended period, as outlined in the DUHS Payment Plan Policy.

If assets are identified during the Application Process, the Charity Care Adjustment may be reduced by the amount of the Estimated Equity Value of the assets. Any remaining balance on the account may be referred for collection. The patient's primary residence is exempt from consideration in any asset determination.

Any exceptions to this policy must be approved by the entity Chief Executive Officer, DUHS Chief Executive Officer, and/or the DUHS Chief Financial Officer.

Policy Criteria for Qualification

1. Charity Care Adjustments shall apply only to patients receiving Emergent Services, subject to the permissible exceptions for DUHS Physician Approved Services.
2. Patients may be deemed eligible for a Charity Care Adjustment through either an Application Process or through a Screening Process.
3. To be eligible for a Charity Care Adjustment, the patient is expected to have applied and complied with all processes related to seeking assistance from other insurers and/or programs (including all potentially applicable governmental programs) as requested by DUHS. Patients that are noncompliant or uncooperative in attempting to obtain other assistance may be denied Charity Care Adjustments.
4. Charity determinations will apply to balances for all DUHS entities and providers. The Private Diagnostic Clinic, PLLC has no formal charity care policy but will abide by charity determinations made by DUHS under this policy for patients who are approved for a Charity Care Adjustment through the Application Process. In addition, the Private Diagnostic Clinic, PLLC will abide by charity determinations made by other health care facilities in which the professional provider is

practicing if that facility or patient can provide documented evidence that charity care has been granted based upon that facility's charity care policies.

5. Applications for Charity Care Services, with complete and accompanying documentation, must be submitted for review and approval by the Appropriate DUHS Representatives. For patients approved for Charity Care Services through the Application Process, the Charity Care Adjustment will cover all active, qualifying services previously provided and those qualifying services provided within 12 months after the application approval date. For purposes of the preceding sentence, a "qualifying" service is one that meets the scope and applicability provisions of this Policy. Any qualifying services classified as bad debt that are still in the Active Bad Debt Collection Cycle will be reclassified to Charity Care Services and DUHS shall take reasonable steps to withdraw or revise any negative credit report. Bad debt accounts transferred to outside collection agencies (OCA) and closed and returned in accordance with the Bad Debt Agency Placement Processing policy (SP0001) where the balance remains outstanding in the PRMO patient accounting system shall be excluded from consideration. These accounts would be identified with a 990 rep code and/or have a comment of "closed and returned" posted to the account. DUHS may provide charity care applications at many points in the patient collection cycle: as the final step in the patient financial counseling process, on-line via the DUHS website, or by request through the DUHS customer service phone line.

6. Any patient either insured or uninsured with a self pay balance who has received Emergency Department Services and is admitted or discharged from the Emergency Department or any patient who is admitted by Transfer from another facility will be screened for potential charity care eligibility via a Screening Process. This Screening Process will typically take place prior to the account being classified as a bad debt; however, the Screening Process may also occur for accounts in the Active Bad Debt Collection Cycle. Based upon the information provided through the Screening Process, patients may be deemed eligible for Charity Care Adjustments as allowed in whole or part by this policy. For account balances < \$25,000, the Charity Care Adjustment will be posted without manual review or approval. For account balances > \$25,000, a manual review by an Appropriate DUHS Representative must occur, along with approvals as required by this policy. The Charity Care Adjustment will only cover the qualifying services for that specific account.

7. Any Uninsured Individual who is receiving DUHS Physician Approved Services and is a resident of the county in which the entity is located will be screened for potential charity care eligibility via a Screening Process. The Screening Process will occur once the patient has completed a financial counseling screening with an Appropriate DUHS Representative. The Screening Process will typically take place prior to the account being classified as a bad debt. However, the Screening Process may also occur for accounts in the Active Bad Debt Collection Cycle. Based upon the information provided through the Screening Process, patients may be deemed eligible for Charity Care Adjustments as allowed in whole or part by this policy. For account balances < \$15,000, the Charity Care Adjustment will be posted without manual review or approval. For account balances > \$15,000, a manual review by an Appropriate DUHS Representative must occur, along with approvals as required by this policy. The Charity Care Adjustment will only cover the qualifying services for that specific episode of care.

8. Any patient receiving an Uninsured Patient Discount will be screened for potential charity care eligibility via a Screening Process. This Screening Process will typically take place prior to the account starting through the self pay collection cycle. Based upon the information provided through the Screening Process, the Uninsured Patient Discount may be deemed to be charity care. If a patient is determined to be eligible through the Screening Process for a charity care discount, the Uninsured Patient Discount will be classified as a charity care discount, otherwise the Uninsured Patient Discount will be classified as an administrative adjustment.

9. For patients approved for Medicaid, this will be treated as evidence of charity care eligibility at the 100% write off level, and a Charity Care Adjustment will be processed for any eligible open or Active Bad Debt Collection Cycle balances.

10. Charity Care Adjustments may be approved for undocumented aliens not subject to the Discount Policy, the homeless, and estates from deceased patients.

11. Charity Care Adjustments will be made for patients with open and Active Bad Debt Collections Cycle balances in verified Chapter 7 or Chapter 13 bankruptcy (up to 36 months prior to the declaration of bankruptcy), Project Access, and who are approved for treatment at Southern High School.

Approval Requirements

Initial approval requirements for the Appropriate DUHS Representative and the corresponding level of Charity Care Adjustments are as follows:

PRMO Collector	Up to \$5,000
PRMO Supervisor	Up to \$10,000
PRMO Manager	Up to \$25,000
PRMO Senior Manager	Up to \$50,000
PRMO Director	Up to \$75,000
PRMO COO	Up to \$250,000
Entity CEO/Entity CFO	Over \$250,000

Eligible patients under this policy are approved for charity care for a period of one year. After initial approval has been received, subsequent patient balances will be adjusted by way of automatic system logic and routines.

Attachment A:



Charity Care Basics.doc

Attachment B:



Charity Care FAQs.doc

Attachment C:



Charity Care Sliding Scale 2012.xlsx

PROCEDURE

1. Complete applications will include:

a. Federal Income Tax form 1040 for prior year and recent pay stubs, or if one or both of these items cannot be provided:

i. Written verification of income received that is not reflected on pay stubs or Tax forms such as:

- § Government issued forms detailing Social Security payments
- § Aid to Dependent Children ("ADC")
- § Child Support
- § Alimony
- § Copies of bank statements
- § Letter of explanation from patient or guarantor explaining how basic living expenses are met.

b. If both items from part 'a' are not present or available with an application, a credit report may be run to assist in income determination.

c. Property/Asset verification

2. When processing charity applications, the Analyst will cross reference all entity billing systems to obtain the actual amount due:

- a. IDX – All Groups
- b. Meditech

- c. PAS
- d. Duke Siemens
- e. Durham Regional Siemens
- f. DASC uses Experior/SurgeOn system. If a patient qualifies for charity care, DASC personnel are responsible for contacting the appropriate PRMO personnel to determine amount due. (DASC will send applicants to PRMO for processing and approving applications).

3. Medical Indigence (AGI Test)

- a. All completed applications that are not recommended/approved for a 100% charity adjustment will be evaluated to determine if additional adjustments should be made based on Medical Indigence, as defined in this Policy.
- b. Projected current year Adjusted Gross Income will be compared to the current balance due to all DUHS entities and providers and the Private Diagnostic Clinic. The amount of these balances that exceeds 50% of the projected current year Adjusted Gross Income will be eligible for charity adjustment.

4. The Charity Care Adjustment request will be distributed to the appropriate individuals based on the requested write off adjustment amount and corresponding approval levels.

5. Applicants will receive written notice regarding their eligibility for Charity Care.

- a. If approved, a written notice will be sent to the patient with the amount discounted and a payment request for any remaining balance and a discount will be posted in the appropriate billing systems.
- b. If denied, written notice will provide an explanation of denial.

6. Charity Care Adjustments are applied to the account balance at the point of charity care determination.

7. Any account that receives a patient payment after a Charity Care Adjustment is applied, will be refunded the amount that equals the credit balance on the account. If payment is received from a secondary party or from insurance, the Charity Care Adjustment will be reversed for the amount of the payment and adjustment.

Attachment D:



charity_care_Financial Hardship Form.xls

Attachment E:



charity_care_Financial Hardship Form - SP.xls



Duke Medicine

Patient Revenue Management Organization

Charity Care (Financial Hardship) Application Process

May 2009

- Any patient applying for charity care should first be evaluated for any private or government sponsored health plans (e.g. Medicare, Medicaid) and determined to be potentially ineligible.
- Patients must meet certain financial criteria to be determined **eligible** for charity care. The financial criteria for eligibility is:
 - Household income equal to or less than 300% of the federal poverty guidelines determined by household size and based on the adjusted gross income of the family for the current year.
 - Approval by an Appropriate DUHS Representative when the patient responsibility is more than half of the household adjusted gross income for the year.
 - To apply for charity care a complete Financial Hardship application is required. A complete Financial Hardship application is inclusive of, but not limited to, disclosure of household income, assets, resources; and supporting documents (e.g. current year tax forms, pay stubs). Undocumented residents (non-U.S. citizens living as residents in the U.S.) and patients who are homeless may apply for charity care.

Complete Financial Hardship applications are submitted to PRMO Self Pay Collections for review and determination of eligibility. The percentage of the charity care adjustment is determined by PRMO Self Pay Collections using a sliding scale based on income and family size.

- Eligibility is applicable to all DUHS entities for a period of one year. The Private Diagnostic Clinic does not have a Charity Care Policy but will honor the charity care determinations made by DUHS in response to a patient's charity care application.
- A charity care adjustment will be applied when the patient has been determined eligible via the application process and the service rendered is a Qualifying Service.
- Qualifying Services are:

Emergent Services that in the absence of immediate medical attention, could reasonably be expected to result in a) placing the health of the individual (or with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy, b) serious impairment to bodily functions, or c) serious dysfunction of any bodily organ or part. Services provided in the Emergency Department.

 - DUHS Physician Approved Services.

Services that are non-emergent services but necessary and appropriate to prevent serious deterioration in the health of the patient from injury or disease. Often follow up services for care originating in the Emergency Department. Transplant Services are specifically excluded. Patients approved for Medicaid will be treated as charity care eligible and a charity care adjustment will be processed for any open, active or bad debt balance that is patient responsibility for the prior 36 months.



Patient Revenue Management Organization

DUHS Charity Application Process Frequently Asked Questions

Question:	Answer:
1. How long do I have to return the application?	Your accounts will continue to age each month so you should return the application as soon as possible.
2. Where do I return the application?	You should mail the application to PRMO Self Pay, P. O. Box 15000, Durham, NC 27704 You may also fax the form to me, your Financial Counselor, at (provide your fax number).
3. What type of documentation is required to make a decision?	You must provide 2 pay stubs and your current tax form. You should also provide verification of any other income you receive. If you can't provide this documentation you should get a letter from your employer verifying your income.
4. What if I don't work and can't provide income tax forms?	You must prepare a letter that explains who supports you and what living expenses they pay.
5. I don't want anyone to have my personal financial information?	The information you provide us is confidential. We do not voluntarily provide this information to anyone outside of Duke.
6. Can I call someone to check on the status?	You should call me. My telephone number is on the letter I am providing you. You may also call our Customer Service Department at (919) 620-4555 or (800) 782-6945.
7. How will I know if I am approved?	You will receive a letter with the decision.
8. How long does the process take?	It may take up to thirty days to obtain physician and administrative approval.



Patient Revenue Management Organization

DUHS Charity Care Frequently Asked Questions (cont.)

Question:	Answer:
9. What services are covered?	The discount will be applied to services provided to you in the Emergency Department or follow up services for care provided in the Emergency Department. All other services require Physician approval before consideration.
10. Will my prescription medications be discounted also?	No, prescription medications may not be discounted.
11. Will this discount apply to services I have received at Durham Regional Hospital or Duke Health Raleigh Hospital?	Yes, if you receive services in the Emergency Department or services are approved by the Medical Officer.
12. How long is charity care valid?	Eligibility for charity care lasts for twelve months once approved but you must receive a qualifying service for the charity adjustment to be applied. After one year you will need to re-apply if you are still receiving bills from us you can not afford to pay.
13. Who should I call if my financial situation changes?	You should call me (provide your phone number) or our Customer Service Department at (919) 620-4555 or (800) 782-6945
14. Why are you asking me to pay for my services today? I have already been approved for financial hardship. NOTE: This is a question you may get when requesting payment for a non-emergent service (e.g. annual physical).	The services we are requesting you pay for today do not qualify for financial hardship. You are responsible for payment in full for these services.

2012 CHARITY CARE SLIDING SCALE

% of Poverty Guidelines	200%	225%	250%	275%
Discount Received	100% Discount	80% Discount	70% Discount	60% Discount
Family Size				
1	\$ 22,340.00	\$ 25,132.50	\$ 27,925.00	\$ 30,717.50
2	\$ 30,260.00	\$ 34,042.50	\$ 37,825.00	\$ 41,607.50
3	\$ 38,180.00	\$ 42,952.50	\$ 47,725.00	\$ 52,497.50
4	\$ 46,100.00	\$ 51,862.50	\$ 57,625.00	\$ 63,387.50
5	\$ 54,020.00	\$ 60,772.50	\$ 67,525.00	\$ 74,277.50
6	\$ 61,940.00	\$ 69,682.50	\$ 77,425.00	\$ 85,167.50
7	\$ 69,860.00	\$ 78,592.50	\$ 87,325.00	\$ 96,057.50
8	\$ 77,780.00	\$ 87,502.50	\$ 97,225.00	\$ 106,947.50
9	\$ 85,700.00	\$ 96,412.50	\$ 107,125.00	\$ 117,837.50
10	\$ 93,620.00	\$ 105,322.50	\$ 117,025.00	\$ 128,727.50

300%
50% Discount
\$ 33,510.00
\$ 45,390.00
\$ 57,270.00
\$ 69,150.00
\$ 81,030.00
\$ 92,910.00
\$ 104,790.00
\$ 116,670.00
\$ 128,550.00
\$ 140,430.00

**Duke University Health System
Financial Hardship Form**

A. - FAMILY INFORMATION

1. First name, middle initial (please print)
Last name (please print)
2. Street address:
3. City, state, zip code
4. Social security number
5. Day phone (area code)
6. Evening phone (area code)
7. Employed
8. Name of employer/company
9. Employer/company street address:
10. City, state, zip code
11. How long have you worked here?
12. Number of dependents

Patient / Guarantor # 1

Spouse / Guarantor # 2

YES NO SELF

YES NO SELF

Years Months

Years Months

B. - FINANCIAL DATA

Patient / Guarantor # 1

Spouse / Guarantor # 2

MONTHLY INCOME

1. Gross salaries, wages before taxes
2. Business Income
3. Rental Income
4. Investment Income
5. Income from Estates/Trusts
6. Alimony Income
7. Child Support
8. Social Security
9. Aid to Dependant Children
10. Public Assistance Income
11. Other Income (list amount & source) (lines 11-12)
- 12.
13. Total Income All Sources

C. - FINANCIAL DATA

ASSETS

1. Cash on hand
2. Checking Account(s) balance
3. Savings Account(s) balance
4. Mutual Funds current value
5. Stocks current value
6. Bond(s) current value
7. Home - assessed value
8. Rental property assessed value
9. Business property assessed value
10. Automobile(s) -estimated value
List make,model & year below:
Auto # 1.
Auto # 2.
11. Recreational Vehicle(s) estimated value
12. Boat(s) estimated value

**Duke University Health System
Financial Hardship Form**

13. Cash value of life insurance
14. Cash value of pension
15. Total Assets

Patient / Guarantor # 1

Spouse / Guarantor # 2

Comments:

Required Documentation: (include copies for yourself and spouse/guarantor)

- (1) Attach copies of your most recent tax return, including W-2 forms and supporting schedules.
 - (2) Last 2 pay stubs
 - (3) written verification of any other income received (e.g. child support, social security, alimony).
- OR
- (1) A letter from an employer verifying income (include employer's phone number and address).
 - (2) A letter from you stating your source for paying living expenses if you have no income.

Mail documentation to:

**PRMO Self Pay
P O Box 15000
Durham, N.C. 27704**

I hereby acknowledge that the above information is true and accurate to the best of my knowledge.

I further grant the Health System authorization to verify any or all information given, and also authorize a consumer credit report if necessary.

Patient/Guarantor # 1 -Signature

Date

Spouse/Guarantor # 2- Signature

Date

FOR OFFICE USE ONLY

ACCOUNT INFORMATION

Entity (DDC, DRG, RCH, DUB)

Account/Invoice Number (s)

Balance Due

Department/Service

CHARGE DETERMINATION

Approved

Denied

By

Date

Sistema de Salud de la Universidad de Duke

Informe de situación económica

A. - INFORMACIÓN FAMILIAR

1. Nombre, inicial del segundo nombre (letra imprenta)
Apellido (letra imprenta)
2. Domicilio: calle y número
3. Ciudad, estado, código postal
4. Número de seguro social
5. Núm. de teléfono en el día (incl. código de área)
6. Núm. de teléfono en la tarde / noche (incl. código de área)
7. Empleado:
8. Nombre del empleador / compañía:
9. Dirección del empleador / compañía :
10. Ciudad, estado, código postal
11. ¿Cuánto tiempo ha trabajado allí?
12. Número de dependientes

Paciente / Garante #1	
SÍ	NO INDEP.
Años	Meses

Esposa(o) / Garante #2		
SÍ	NO	INDEP.
Años	Meses	

B. - INFORMACIÓN FINANCIERA

INGRESO MENSUAL

1. Sueldos y salarios brutos imponibles
2. Ingresos de negocios
3. Ingresos de rentas
4. Ingresos de inversiones
5. Ingresos de patrimonios y, fondos
6. Entrada de pensiones
7. Manutención de hijos
8. Seguro social
9. Ayuda para hijos dependientes
10. Ingresos de ayuda pública
11. Otros Ingresos (indique cantidad y origen) (líneas 11-12)
- 12.
13. Total de Ingresos provenientes de todo origen

Paciente / Garante #1

Esposa(o) / Garante #2

C. INFORMACIÓN FINANCIERA

BIENES

1. Dinero en efectivo disponible
 2. Saldo de cuenta(s) de cheques
 3. Saldo de cuenta(s) de ahorros
 4. Valor actual de fondos mutuos
 5. Valor actual de acciones
 6. Valor actual de bono(s)
 7. Valor tasado de vivienda
 8. Valor tasado de propiedad de arriendo
 9. Valor tasado de propiedad de negocios
 10. Valor estimado de automóviles
- Indique el modelo, la marca y el año aquí:
- Automóvil # 1.
- Automóvil # 2.
11. Valor estimado de vehículo de uso personal
 12. Valor estimado de lancha(s) y yate(s)

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slightly textured appearance and some minor discoloration or shadows, suggesting it's a scan of a physical document. There is no handwriting or other markings on the paper.[illegible]

**Sistema de Salud de Duke de la Universidad de Duke
Informe de situación económica**

13. Valor en efectivo del seguro de vida
14. Valor en efectivo de la jubilación
15. Total de bienes

Paciente / Garante #1

Esposa(o) / Garante #2

Comentarios:

Documentación necesaria (incluya copias suyas y de su esposa / garante)

- (1) Adjunte copias de su declaración de impuestos más reciente, incluyendo los formularios W-2 y las tablas correspondientes.
- (2) Los dos últimos comprobantes de sueldo
- (3) Verificación por escrito de otros ingresos recibidos (por ejemplo, manutención de hijos, seguro social, pensión por divorcio, o bien
- (1) Carta de un empleador verificando el ingreso (incluyendo el número telefónico del empleador y la dirección).
- (2) Una carta suya declarando los recursos que tiene para pagar sus gastos si no tiene ingresos / sueldo.

Enviar documentos por correo a:

**PRMO Self Pay
P O Box 15000
Durham, N.C. 27704**

Declaro que la información proporcionada más arriba es cierta y correcta según mis conocimientos.

Además otorgo la autorización al Sistema de Salud (Health System) para que verifique cualquier dato o toda la información proporcionada y asimismo doy mi autorización para la obtención de un informe sobre mi crédito de consumidor.

Paciente / Garante #1 - Firma

Fecha

Esposa(o) / Garante #1 - Firma

Fecha

PARA USO DE ESTA OFICINA SOLAMENTE			
INFORMACIÓN DE CUBIERTA			
Nombre (P.O. BOX, RESERVA)			
Número de Cuenta / Pasaporte			
Saldo a pagar			
Fecha de prestación de servicio			
DETERMINACIÓN DE RESPONSABILIDAD			
Aprobado	Rechazado	Por	Fecha

**DUKE UNIVERSITY HEALTH SYSTEM
PATIENT REVENUE MANAGEMENT ORGANIZATION, LLC
POLICY & PROCEDURE**

TITLE	
Discount Policy	

PURPOSE

To define the Duke University Health System ("DUHS") and Private Diagnostic Clinic ("PDC") policy related to discounts provided to various patient populations.

DEFINITIONS

"Appropriate DUHS Representatives" are defined as those individuals serving in those positions identified in the Approval Requirements section below and relating to the corresponding Discount set forth below.

"Combination Services" are multiple procedures performed during one patient encounter. This specifically addresses those combination procedures where one or more procedures qualify the patient as self pay while another portion will be covered by a third party, a commercial third party insurer, an ERISA plan, a governmental payer, workers' compensation, or other coverage for all or part of a bill from DUHS and/or PDC, including claims against third parties covered by insurance to which DUHS and/or PDC is subrogated.

"Contracted Payors" are third party payors, including health plans, self-insured employers and indemnity plans, which have entered into a written managed care or pricing agreement with DUHS and/or PDC with respect to the health care services in question. Contracted Payors include managed care agreements with Medicare Advantage Plans and/or contract with any other Governmental Payors.

"Cosmetic Services" are elective services that are not medically necessary nor emergent in nature. Cosmetic Services are typically not covered by a third party, a commercial third party insurer, an ERISA plan, a governmental payer, workers' compensation, or other coverage and do not improve the health of the patient.

"Deposit" is the dollar amount the patient/guarantor must pay before services are scheduled to be received.

"Discount" is defined as all write-offs or adjustments of charges or unpaid balances not supported by a third party explanation of benefits.

"DUHS Physician" is defined as a physician who provides his/her hospital-based professional services solely at a DUHS Hospital.

"Estimate" is an approximate calculation of total charges and patient liability for the services to be rendered.

"Experimental Services" are services that have not been approved for coverage by the Centers for Medicare and Medicaid Services (CMS) as acceptable treatment for a particular medical condition.

"Governmental Payors" are Medicare, Medicaid, Tricare and other government-sponsored health care insurance programs. Governmental Payors shall not include contracted Medicare Advantage Plans and/or other Governmental Payors which have entered into a formal managed care or pricing agreement with DUHS and/or PDC.

"International Individual" is defined as 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
- A non-U.S. citizen with U.S. insurance not living in the U.S. or U.S. territory
- 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 not living in the U.S. or U.S. territory.
- A U.S. citizen with U.S. insurance not living in the U.S. or U.S. territory.
- A U.S. citizen with no insurance not living in the U.S. or U.S. territory.
- An embassy sponsored individual

"International Patient Center" (IPC) is defined as the location in Duke Clinic where the staff will coordinate all the logistics related to an International Individual receiving health care services at DUHS and/or PDC.

"Letter of Agreement" (LOA) is defined as the written agreement stipulating the financial terms and conditions for providing healthcare services to a patient.

"Limited Benefit" is defined as a benefit that pays 20% or less of estimate charges or allowable amount for a patient's services. This excludes amounts that may be applied to the patient's deductible.

"Market Competitive Services" are services that are deemed by the Appropriate DUHS and/or PDC Representative to require a fixed price in order to reasonably compete with the pricing of other non-DUHS/PDC entities providing the same services.

"Non-Contracted Payors" are third party payors, including health plans, self-insured employers or indemnity plans, which have not entered into a formal managed care or pricing agreement with DUHS and/or PDC.

"Patients' After Insurance Liability Estimate" is the estimated amount determined prior to services being rendered that a patient owes for coinsurance, deductibles and technical/facility co-payments not covered by insurance. This explicitly excludes physician office co-payments.

"Out of State Medicaid" is a U.S. Medicaid program managed by a state other than North Carolina.

"Payor" is defined as the party responsible for paying DUHS and/or the PDC for services rendered to a patient. Payor include, but not limited to, the patient, guarantor, Contracted Payors, Non-Contracted Payors, Governmental Payors, Uninsured Individuals, and International Individuals.

"Planned Services" are services scheduled in advance of the service being rendered and explicitly include transplant services.

"Prompt Payment Discount" is a discount provided to patients in certain limited situations who pay their Patients' After Insurance Liability Estimate either prior to services being rendered or within 60 days of the date that the patient's self pay balance is determined once all insurance claims are adjudicated.

"Travel Clinic Services" are services provided in the Duke Primary Care Travel Clinic.

"Uninsured Individuals" are individuals who are individually responsible for payment of charges for health care services and (a) who are uninsured, having no third party coverage by a commercial third party insurer, an ERISA plan, a Governmental Payor, workers' compensation, a medical savings account or other coverage for all or part of a bill from DUHS, including claims against third parties covered by insurance to which DUHS is subrogated, or (b) who are self-insured or as to a given health care service due to either a policy exclusion for a specific service or due to policy benefit maximums that have been reached and (C) has not had the benefit in reduction of a contractual adjustment.

"Unplanned Services" are services that are not Planned Services, and generally are services provided to diagnose or treat a medical condition which, if not treated immediately, could lead to disability, serious injury, serious illness, severe pain, or death. MD override for financial clearance is provided prior to these services being rendered (see MD Override Policy) by an appropriate DUHS Physician if the services are not provided in the Emergency Department setting or due to the transfer of a patient from another hospital facility.

"U.S. Insurance Plan" is defined as an insurance plan that must be underwritten by a U.S. based insurance company and is liable for the payment of health care services provided to a patient.

SCOPE AND APPLICABILITY

This Discount Policy applies to all health care services, including Experimental Services, provided to Uninsured Individuals, Non-Contracted Payors, Out of State Medicaid Individuals, International Individuals, Patients' After Insurance Liability Estimates and Patient Small Balances. This Discount Policy excludes Combination Services, Cosmetic Services, Market Competitive Services, Travel Clinic Services, Charity Care/Bad Debt adjustments, or courtesy/customer service adjustments or other settlements, which are addressed in separate policies and procedures.

This Discount Policy applies to the PDC, DUHS, and all its subsidiaries and wholly-controlled entities, including the following:

- Duke University Hospital
- Durham Regional Hospital
- Duke Raleigh Hospital
- Davis Ambulatory Surgical Center
- Duke University Affiliated Physicians (dba Duke Primary Care)
- Duke University Health System Physicians
- Duke Home Care
- Duke Home Infusion
- Duke Hospice

This Discount Policy supersedes any previous policies with regard to the Discounts which are the subject of this Policy.

Compliance with agreements for DUHS and PDC Contracted Payors and requirements of other governmental agencies supersedes the applicability of any and all Discounts otherwise addressed in this policy.

POLICY

Discounts are offered to increase collection efficiency and cash collection for health care services thereby supporting efficient collection operations and reducing the overall cost of collections. Discount requests will be evaluated on their individual merits. Consideration will be given to factors including but not limited to, patient insurance status, cost of health care services requested, payor relationship with DUHS and/or PDC, patient liability amount, and/or the time in which the Payor or individual can adjudicate and/or pay claims.

The following addresses the Discount Policy as it pertains to each of the categories below:

1. Discounts for Services Provided to Uninsured Individuals
2. Discounts for Services Provided to Non-Contracted Payors
3. Discounts for Prompt Payment to Individuals
4. Discounts for Services Provided to International Individuals

5. Discounts for Services Provided to Out of State Medicaid Individuals

Discounts for Services Provided to Uninsured Individuals

A Discount from billed charges will be offered to all Uninsured Individuals for Planned Services and Unplanned Services. For Planned Services, which includes transplant services, provided to Uninsured Individuals, payment of the estimated cost of the service less any applicable Discount is required prior to the service being rendered. For Unplanned Services, no pre-payment is required. The Discount that is offered to Uninsured Individuals approximates the average discount provided to Contracted Payors.

Any additional balance that was not estimated and collected prior to or at the time of service will be eligible for the Discount provided to Uninsured Individuals. In some cases, it may not be able to be determined with certainty if the patient will have benefits for certain Planned Services until after claim adjudication. In these cases, the Discount provided to Uninsured Individuals may be applied.

Only in unusual circumstances will the Discount amount be in excess of the percentages outlined in this policy be approved. As such, these Discounts require formal approval of Appropriate DUHS Representatives and a documented LOA prepared by the Manager, PRMO Financial Services or Senior Manager, Community Hospital Service Access for Uninsured Individuals. Approval levels are outlined below.

Discounts for Services Provided to Non-Contracted Payors

Discounts provided to Non-Contracted Payors will be negotiated on a case-by-case basis **prior** to services being rendered to the patient by the Assistant Vice President for DUHS Managed Care or his/her designee. The office of the Assistant Vice President for DUHS Managed Care will coordinate any necessary LOA for the PDC with the PDC Director of Managed Care. The Discount amount will only be offered to Non-Contracted Payors who will honor the patient's in-network level of benefits. The Non-Contracted Payors Discount will be documented with a LOA.

Discount for Prompt Payment to Individuals

If a Non-Contracted Payor does not agree to an LOA that allows the patient to access in-network benefit levels, the patient may still desire to have services at DUHS. A Prompt Payment Discount may be provided to the patient if the patient agrees to pay the Patients' After Insurance Liability Estimate **prior** to services being rendered. If for some reason an estimate is not able to be provided prior to the service being rendered, a Prompt Payment Discount may be provided to the patient on a case by case basis after services are rendered.

A Prompt Payment Discount may also be offered to patients who have a Limited Benefit. A Prompt Payment Discount may be provided to the patient if the patient agrees to pay the Patients' After Insurance Liability Estimate **prior** to services being rendered. If an estimate is not able to be provided prior to the service being rendered, a Prompt Payment Discount may be provided to the patient on a case by case basis after 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 Payor or Non-Contracted Payors network) and/or have no insurance are expected to deposit/pay 100% of gross estimated charges for services provided by DUHS and/or the PDC **prior** to services being scheduled. The Discount will be documented with a LOA for estimated balances in excess of \$5,000 and will be applied **after** all services have been rendered.

International Individuals enrolled in U.S. Insurance Plans who are a Contracted Payor of DUHS and/or PDC will be required to follow the terms and conditions for those agreements including the Discount amount.

International Individuals enrolled in U.S. Insurance Plans who are Non-Contracted Payors of DUHS and/or PDC will be negotiated on a case-by-case basis **prior** to services being rendered to the patient by the Assistant Vice President for DUHS Managed Care or his/her designee. The office of the Assistant Vice President for DUHS Managed Care will coordinate any necessary LOA for the PDC with the PDC

Director of Managed Care. The Discount amount will only be offered to Non-Contracted Payors who will honor the patient's in-network level of benefits. The Non-Contracted Payors Discount will be documented with a LOA.

International Individuals who are embassy sponsored patients will be negotiated on a case-by-case basis **prior** to services being rendered to the patient by the Assistant Vice President for DUHS Managed Care or his/her designee. The office of the Assistant Vice President for DUHS Managed Care will coordinate any necessary LOA for the PDC with the PDC Director of Managed Care. The Discount will be documented with a LOA and applied after all services have been rendered. The IPC will coordinate with the embassy on getting the LOA signed and getting 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 an 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 of any future embassy sponsored International Individuals prior to the first patient visit.

The IPC will coordinate with the office of the Assistant Vice President for DUHS Managed Care and the International Individual or embassy to execute the LOA. The execution of a LOA is required for all International Individuals **prior** to the rendering of services.

Discounts for Services Provided to Out of State Medicaid Individuals

Discounts provided to Out of State Medicaid Individuals will only be negotiated **prior** to the rendering of authorized services. For transplant services, Discounts can be explicitly negotiated for Out of State Medicaid Individuals for DUHS by the Assistant Vice President for DUHS Managed Care and/or his/her designee. The office of the Assistant Vice President for DUHS Managed Care will coordinate any necessary LOA for the PDC with the PDC Director of Managed Care. Out of State Medicaid Individuals Discounts for transplant services will be documented with a LOA. For Planned non-transplant Experimental, Cosmetic services or other non-transplant services not covered by Out of State Medicaid, Discounts require formal approval of Appropriate Representatives and a documented LOA prepared by the Manager, PRMO Financial Services or Senior Manager, Community Hospital Service Access for Uninsured Individuals.

In some instances, Out of State Medicaid regulatory statutes dictate what the respective state will pay to out of network providers. If DUHS and/or PDC agree to the respective state's statutes, a LOA will be drafted by the office of the Assistant Vice President for DUHS Managed Care and/or his/her designee citing the applicable statute(s) and include the DUHS/PDC payment stipulations for transplant services. The office of the Assistant Vice President for DUHS Managed Care will coordinate any necessary LOA for the PDC with the PDC Director of Managed Care. For Planned non-transplant Experimental, Cosmetic services or other non-transplant services not covered by Out of State Medicaid, a LOA will be prepared by the Manager, PRMO Financial Services or Senior Manager, Community Hospital Service Access for Uninsured Individuals and formal approval of the Appropriate Representative will be obtained. If DUHS and/or PDC do not agree to the respective state's statute, DUHS/PDC will not proceed with rendering the requested services.

Small Balance Discounts

No formal approval is needed for small balance discounts for accounts with outstanding patient balances up to \$25 for inpatient services, \$10 for outpatient services, and \$5 for physicians services.

Letter of Agreement (LOA) Stipulations

The following stipulations should be incorporated into the LOA:

- Language specifying all Duke entities included
- Language limiting the Payor's ability to audit

- Language specifying the payment timeframe and denial of discount if payment is not made within stated timeframe
- Identification of the Payor's claims address, claims contact person, and claims contact person's phone number
- Identification of DUHS and PDC payment address
- Language stating that the discounts proposed by DUHS and the PDC do not represent any future financial commitment with the Payor
- Language stating that the patient must be eligible for benefits, plan coverage must be in force, and that the Payor must be the primary Payor for the duration of the LOA
- Confidentiality language
- Language stating embassy sponsored patients will be interim billed every thirty (30) days and payment must be received within 15 days of the Payor receipt of the interim bill or any agreed upon discount reverts to full (100%) billed charges

Only in unusual circumstances will Discount amounts in excess of the percentages outlined in this policy be approved. As such, these Discounts require formal approval of Appropriate Representatives. Approval levels are outlined below.

Discount Amounts

Type	Discount Amount
Uninsured Individuals	50%
Non-Contracted Payors	Up to 30%
International Individuals (includes Embassy Sponsored)	Up to 30%
Out of State Medicaid Individuals	Up to 30%
Wake County Health Department - Patients of Duke Gynecological Consultants for Raleigh, NC	50%

Approval Requirements

Approval requirements for the DUHS Representatives and the corresponding level of Discount, calculated as a percentage of estimated charges are as follows:

Approver	Discount Type	Discount Amount
Director Self Pay Collections, Administrative Director Collections, or COO, PRMO	After the fact Prompt Payment Discount	Up to 30%
Assistant Vice President Managed Care, DUHS and Director of Managed Care, PDC	Any	Up to 60%
Entity CEO/CFO/Senior Vice President, CFO, and Treasurer (DUHS) Executive Director (PDC)	Any	Up to 100%

DASC Approval Requirements

Approval requirements for the appropriate DASC and DUHS Representatives and the corresponding level of Discount, calculated as a percentage of estimated charges are as follows:

Business Manager	Up to 30%, limited to \$5,000
Director	\$5,000 and above up to 50% with

Assistant Vice President Managed Care, DUHS	\$50,000 dollar limits Up to 60%
Entity CEO/CFO/Senior Vice President, CFO, and Treasurer (DUHS)	Greater than \$50,000 and/or 100%

PROCEDURE

Customer Service Rep Financial Care Counselor International Patient Center Rep	Gather pertinent patient information (i.e. patient information, type of service, etc.) from the Payor to determine when a discount is applicable
	Obtain the name and telephone number of the Payor or representative of the Payor.
	Forward an email to the Appropriate DUHS and/or PDC Representative based on the discount type applicable and request approval of the discount in accordance with the above policy. Note: The following discount types have been pre-approved by the Appropriate DUHS and/or PDC Representatives and do not require approval case by case unless requesting a discount that exceeds the approved threshold as outlined in the policy above: <ul style="list-style-type: none"> • Discounts for Services Provided to Uninsured Individuals
Appropriate DUHS, PDC, PRMO Representative	Review and determine approval of discounts escalated for approval.
DUHS Managed Care	Prepare or coordinate the preparation of the Letter of Agreement.
	Save the Letter of Agreement in a PDF file.
	Forward the PDF file containing the Letter of Agreement to: <ul style="list-style-type: none"> • Individual requesting the discount • PDC Managed Care • PRMO Financial Services
PRMO Financial Services & Hospital Service Access	Summarize and document the terms of payment in IDX Financial Counseling Comments or Meditech.
	Forward the Letter of Agreement to PRMO Document Scanning for retention in Hyland.
	Log the visit on the log titled Log_LOA_DUHS_PDC in the Letters of Agreement - Special Price Agreements folder in the Service Access shared drive.
	Review the log until the appointment is scheduled.
	Set the Special Handling flag in the IDX appointment according to the applicable discount type (e.g. Self Pay Discount).
	Set the FSC flow in the IDX appointment to 1524 to indicate a discount is applicable and the adjustment of charges should occur.
IDX Application	Apply discount and adjustment to charges when prompted by automated routine. Note: This action may only occur for certain approved Special Handling types.
PRMO Billing Representative	Review report of accounts / invoices flagged for special handling and requiring Biller review and revision in accordance with PRMO Hospital and Professional Collections Adjustment policy.
PRMO Manager	Review log of LOAs monthly and audit accounts for adjustments.