# 1.5 CHARGES, BILLNG, AND COLLECTIONS

**POLICY:**

Clients must not be denied project services or be subjected to any variation in quality of services because of inability to pay. Projects should not have a general policy of no fee or flat fees for the provision of services to minors or a schedule of fees for minors that is different from other populations receiving family planning services.

Each project supported under this part **must**:

Provide that no charge will be made for services provided to any clients from a low-income family except to the extent that payment will be made by a third party (including a government agency) that is authorized to or is under legal obligation to pay this charge. 42 CFR § 59.5(a)(7)

*Low-income family* means a family whose total annual income does not exceed 100 percent of the most recent Poverty Guidelines issued pursuant to 42 U.S.C. 9902(2). “Low-income family” also includes members of families whose annual family income exceeds this amount but who, as determined by the project director, are unable, for good reasons, to pay for family planning services. For example, unemancipated minors who wish to receive services on a confidential basis must be considered based on their own resources. Nonprofit, as applied to any private agency, institution, or organization, means that no part of the entity’s net earnings benefit, or may lawfully benefit, any private shareholder or individual. 42 CFR § 59.2

Provide that charges will be made for services to clients other than those from low-income families in accordance with a schedule of discounts based on ability to pay, except that charges to persons from families whose annual income exceeds 250 percent of the levels set forth in the most recent Poverty Guidelines issued pursuant to 42 U.S.C. 9902(2) will be made in accordance with a schedule of fees designed to recover the reasonable cost of providing services. 42 CFR § 59.5(a)(8)

- Family income should be assessed before determining whether copayments or additional fees are charged.
- With regard to insured clients, clients whose family income is at or below 250 percent of the FPL should not pay more (in copayments or additional fees) than what they would otherwise pay when the schedule of discounts is applied.

Take reasonable measures to verify client income without burdening clients from low-income families. Recipients with lawful access to other valid means of income verification because of the client’s participation in another program may use this data rather than re-verify income or rely solely on clients’ self-report. If a client’s income cannot be verified after reasonable attempts to do so, charges are to be based on the client’s self-reported income. 42 CFR § 59.5(a)(9)

If a third party (including a Government agency) is authorized or legally obligated to pay for services, all reasonable efforts must be made to obtain the third-party payment without application of any discounts. Where the cost of services is to be reimbursed under title XIX, XX, or XXI of the Social Security Act, a written agreement with the title XIX, XX, or XXI agency is required. 42 CFR § 59.5(a)(10)

Reasonable efforts to collect charges without jeopardizing client confidentiality must be made. Recipient must inform the client of any potential for disclosure of their confidential health information to policyholders where the policyholder is someone other than the client. 42 CFR § 59.5(a)

**PROCEDURE:**

Subrecipients must have a local policy and procedure in place describing the clinic's charges, billing and collection policies and procedures to include:

- Process by which client confidentiality is safeguarded
- Process for ensuring that third-party billing is processed in a manner that does not breach client confidentiality, particularly in sensitive cases (e.g., adolescents or young adults seeking confidential services, or individuals for whom billing the policyholder could result in interpersonal violence)
- Process for ensuring that clients are aware of their choices for confidential billing
- Process for ensuring that clients are informed of any potential for disclosure of their confidential health information to policyholders where the policyholder is someone other than the client
- Process for determining a client's income
- Process for those whose annual family income exceeds 100% FPL, but who, as determined by the project director, are unable, for good reasons, to pay for family planning services.
- Credit payment plan for a client or upon client request

Subrecipients must demonstrate there are contracts with insurance providers, including public and private sources.

**Defining Family Income** RHNTC: Defining Family Income for Title X Charges, Billing, and Collections

If a client's income cannot be verified after reasonable attempts to do so, charges are to be based on the client's self-reported income. Subrecipients with lawful access to other valid means of income verification may use this data rather than re-verify income or rely on clients self-reported income.

Documentation at services sites must indicate client income is assessed annually and discounts are appropriately applied to the cost of services.

There is no standard definition of income to determine eligibility for all federally funded programs. When considering IRS Form 1040 guidance regarding what constitutes income, the following inclusions and exclusions are recommended to calculate family income for Title X visits:

INCLUSIONS

- Wages, salaries, tips, bonuses, other payments for personal services, etc.
- Taxable interest

- Dividends
- Taxable refunds, credits, or offsets of state and local income taxes. There are some exceptions—refer to Form 1040 instructions
- Alimony (or separate maintenance payments) received
- Business income (or loss)
- Capital gain (or loss)
- Other gains (or losses), such as assets used in a trade or business that were exchanged or sold
- Taxable amount of individual retirement account (IRA) distributions, including simplified employee pension and a savings incentive match plan for employee's IRAs
- Taxable amount of pension and annuity payments
- Rental real estate, royalties, partnerships, S corporations, trusts, etc.
- Farm income (or loss)
- Unemployment compensation and workers' compensation payments
- Taxable amount of Social Security benefits
- Other income (includes prizes and awards; gambling, lottery or raffle winnings; jury duty fees; Alaska Permanent fund dividends; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit)

EXCLUSIONS
- Child support
- Money or property that was inherited, willed, or given as a gift
- Life insurance proceeds received as a result of someone's death
- Foster care payments
- Non-cash benefits (such as public housing, Medicaid, and nutrition assistance)

**Confidentiality** Challenges to Patient Confidentiality infographic (rhntc.org)

Services sites must ensure third-party billing is processed in a manner that does not breach client confidentiality, particularly in sensitive cases (e.g., adolescents or young adults seeking confidential services, or individuals for whom billing the policyholder could result in interpersonal violence).

Safeguards must be in place that protect client confidentiality, particularly in cases where sending an explanation of benefits (EOB) could breach client confidentiality.

While particular attention should be paid to clients below the age of 18 for confidential billing needs, the process should not be based solely on age. Medicaid, as well as some insurance companies, automatically suppress EOBs for sensitive services, and these companies can still be billed for services without fear of the service being disclosed to a parent/guardian or spouse.

If the client *has* requested confidential services, assess client's individual income and place on the sliding fee schedule. Only send for insurance billing in circumstances where the agency has an agreement to suppress EOBs.

If the client *has not* requested confidential services, assess client's household income and insurance status per policy. Bill insurance as available and ensure clients with co-pays do not pay more than they would on the sliding fee scale.

**Schedule of Discounts / Fee Schedules**

The Title X Schedule of Discounts is distributed to the subrecipients by the ND FPP. The Title X Schedule of Discounts (SOD) is updated annually after the publication of the new poverty guidelines in the Federal Register. A subrecipient may choose to develop their own SOD but must be submitted to the state office for approval.

Financial documentation at service sites must indicate that clients who documented income is at or **below 100% FPL** are not charged for services.

For clients utilizing their insurance, financial records at services sites must indicate that clients with family incomes **between 101%-250% FPL** only pays a little in copayments or additional fees than they would otherwise pay with the schedule of discounts applied.

<u>Steps for collecting copays and applying the sliding fee discount schedule:</u>

- Find out the client's income and family size.
- Check the client's insurance eligibility and determine copay amount based on their insurance plan.
- Determine where the client's income puts them on the sliding fee discount schedule.
- If the copay is less than the client would pay on the sliding fee discount schedule, the client should pay the copay, and the agency should bill the insurance company the fee for the services.
- If the copay is more than what the client would pay based on the sliding fee discount schedule, the client pays what they would pay based on the sliding fee discount schedule, and the agency should bill the insurance company the fee for the services.

Service sites must have a process in place or complete a cost analysis periodically to determine reasonable cost of services. The Fee Schedule must cover all required services and supplies or those identified as within the scope of the ND FPP as offered by the subrecipient, regardless of whether provided onsite or by referral. Fee schedules must be submitted to the state office annually.

**Donations**

<u>Voluntary</u> donations from clients are permissible; however, clients must not be pressured to make donations, and donations must not be a prerequisite to the provision of services or supplies.

- Service sites may request and/or accept donations.
- If the service site requests and/or accepts donations, onsite documentation and observation must demonstrate that clients are not pressured to do so or that it is a prerequisite to receiving services or supplies.
    - Observation may include signage, financial counseling scripts, and other evidence

- An overpayment may not be considered a donation without the client's permission.

**Aging Accounts / Collection Agency**

A method for the aging of outstanding accounts must be established. Aging is defined as writing off a client's outstanding balance after a certain defined period of time (e.g., 12 months). Subrecipients should develop a methodology to write off overdue accounts through their existing system or some other internal mechanisms or software program. A common practice is to send out three statements (30, 60 and 90 days). If the payment is not received after the third statement, then the account is either written off or turned over to a collection agency.

Subrecipients may turn clients who are behind in their payments over to a collection agency only if they are not "confidential." If the client is a confidential or "no contact" client, the subrecipient must not turn the client over to a collection agency. If a subrecipient chooses to use a collection agency for non-confidential clients, the following must occur:

- Develop a clear local policy for when a client may be turned over to a collection agency. Collections of past due amounts must be done in a non-coercive manner.
- If a client whose chart has been placed in inactive status and whose account is written off as "bad debt" returns for services or supplies, the balance that was written off may be reinstated. The client may be asked to pay the balance that was written off.

ND FPP will assess for compliance during triennial site reviews.

**RESOURCES:**

Collecting Copays and Applying Sliding Fee Scales: A Job Aid for Front Desk Staff | Reproductive Health National Training Center (rhntc.org)

RHNTC: Integrating Title X with Primary Care: Developing and Implementing Compliant Sliding Fee Discount Schedules

RHNTC: Defining Family Income for Title X Charges, Billing, and Collections

RHNTC: Client Fee Collections Frequently Asked Questions for Title X Family Planning Agencies

https://rhntc.org/search?keys=charges+and+collections

Challenges to Patient Confidentiality infographic (rhntc.org)