
Yale New Haven Health System Financial Assistance Policies

William S Gedge
Senior Vice President
Yale New Haven Health System

The National Conference on the Un and Under insured
Tuesday, December 11, 2007

Yale New Haven Health System

- **Three hospital system located in southern Connecticut; Yale-New Haven Hospital, Bridgeport Hospital and Greenwich Hospital.**
- **Yale-New Haven Hospital is the primary teaching hospital for Yale University School of Medicine.**
- **Annual revenues of \$1.5 billion.**
- **Uncompensated care in excess of \$100 million.**

Connecticut Market

- **Population of 3.6 million.**
- **Limited major employer presence; small and medium size firms.**
- **Hospitals located in two poorest cities in U.S. (New Haven and Bridgeport), and most wealthiest (Greenwich).**
- **25%+ Medicaid market share; 48th lowest in U.S. in Medicaid reimbursement.**
- **Escalating volume of self-pay; uninsured, larger deductibles, coinsurance plans.**

What Caused Us to Re-examine Our Financial Assistance Policies?

- **Our hospital policies were similar to thousands of hospital across the country.**
- **Yale-New Haven Hospital was benchmarked by AHA as the leader in fair and equitable hospital collections less than 10 years ago.**
- **Financial assistance was provided consistent with former Hill-Burton programs. Charity care was provided to any patient under 150% of the Federal Poverty Level.**

Financial Assistance Policies

Drivers for Change

- **Corporate unionizing campaign designed to embarrass the hospital by exploiting critical and national health policies issues:**
 - » Growing number of uninsured patients.
 - » Patients with limited financial means being pursued to pay hospital bills.
 - » Self-pay patients being expected to pay more than governmental payers and managed care.
 - » Inability of patients to access hospital financial assistance.

Financial Assistance Policies

Drivers for Change

- **Media campaign using local political leaders and patients with outstanding accounts.**

Legal Pressure to Change Policies

- **Two class action lawsuits filed by SEIU regarding patient accounts.**
- **Class action suit filed by students at the Yale Law Clinic.**
- **National class action suit filed by Attorney Scruggs.**
- **Lawsuits filed by Connecticut State Attorney General on the use of Free Bed Funds.**

Financial Assistance Policies Enhancement and Reform

- **All outstanding patient accounts prior to 2001 were closed.**
- **All accounts in collection were reviewed and assessed for continued follow up.**
- **Wage executions were terminated and virtually all property liens were removed.**
- **Although the union accused the hospital of home foreclosures and using sheriffs to bring patients to court, these were never used and will never be used.**
- **New collection attorney's were retained and all policies carefully reviewed.**
- **New free care, sliding scale and self-pay policies were implemented.**

Free Care Policy

- **Uninsured patients with household income less than 250% of Federal Poverty Level, denied by State Medicaid, and a resident of Connecticut.**
- **Insured patients who meet the above criteria are reviewed on a case by case basis.**
- **When free care is awarded, previous balances are written off and eligibility window is granted for six months.'**
- **Patient must reapply after six months for renewal of eligibility.**

Sliding Scale Policy

- **Uninsured patients with household incomes of between 250% and 400% of Federal Poverty Level.**
- **No Medicaid denial is required.**
- **Outstanding bills are reduced to cost (roughly 40% of charges).**
- **Six month eligibility window.**
- **Insured patients are not eligible as balances are reduced through contractual relationships with payers.**

Catastrophic Protection

- **Any patient, regardless of household income, with hospital bills exceeding 10% of their annual household income, receive a discount from charges equal to the hospital's average managed care discount, or approximately 40%.**
- **Patient bills are reviewed and protection is awarded on an account by account basis.**
- **Applies to uninsured or self-pay patients, as charges are contractually reduced for insured patients.**

Financial Assistance Policies

Caveats

- **Free care is not awarded to undocumented residents, however, charity care is granted in most cases after a financial review.**
- **Hospital financial assistance policies do not apply to physician or ancillary charges not provided by the hospital.**
- **Services that are not medically necessary are excluded.**
- **The hospital has begun to review assets as well as income in making eligibility determinations.**

Self-pay Discounts

- **Patients who are over the income limits for free care and sliding scale may still access financial assistance.**
- **Prompt pay discounts up to 40%.**
- **No-interest extended payment terms up to 24 months.**
- **Credit card options (both recourse and non-recourse)**

Hospital Free Bed Funds

- **Funds donated to the hospital over the last 150 years for “needy” patients.**
- **Funds may have restrictions; parishioners at a specific church, locality, service club, disease category, etc.**
- **Some funds designate a nominator; others designate the hospital to nominate.**
- **No application or financial screening process is required for nominator.**
- **Assistance is provided for a specific account; no eligibility period.**

Financial Assistance Policies

Collection of Accounts

- **Greatest challenge is segregating accounts between patients who are unable to pay versus patients who are unwilling to pay.**
- **In FY2007, YNHH had 500,000 patient accounts. 5,600 accounts pursued and received financial assistance. 30,000 accounts required research as to ability to pay.**
- **While approximately 10% were collected, the balance resulted in charity care or bad debt.**
- **1000 patient accounts were referred to legal collection and only a handful of those accounts were pursued through suit, wage executions or property liens.**

Financial Assistance Policies Changes to Legal Collections

- **All legal activities with respect to patient account collections require explicit approval.**
- **Clear evidence must be provided as to ability to pay.**
- **Legal recourse in filing suits, initiating property liens and wage executions, are last resorts and only granted in clear financial circumstances.**
- **No notifications to credit reporting agencies.**
- **Only hospital system in Connecticut to adopt very conservative approach to legal collections.**

Management Oversight Committee

- **Bi-weekly committee of senior managers from billing, admitting and registration, legal, and managed care.**
- **Monitor monthly reports on free care, sliding scale, turnovers to collection agencies and attorneys.**
- **Approve any special request free care for insured patients with large deductibles and copays.**
- **Review and monitor changes to financial assistance policies; national benchmarking.**

Yale-New Haven Hospital

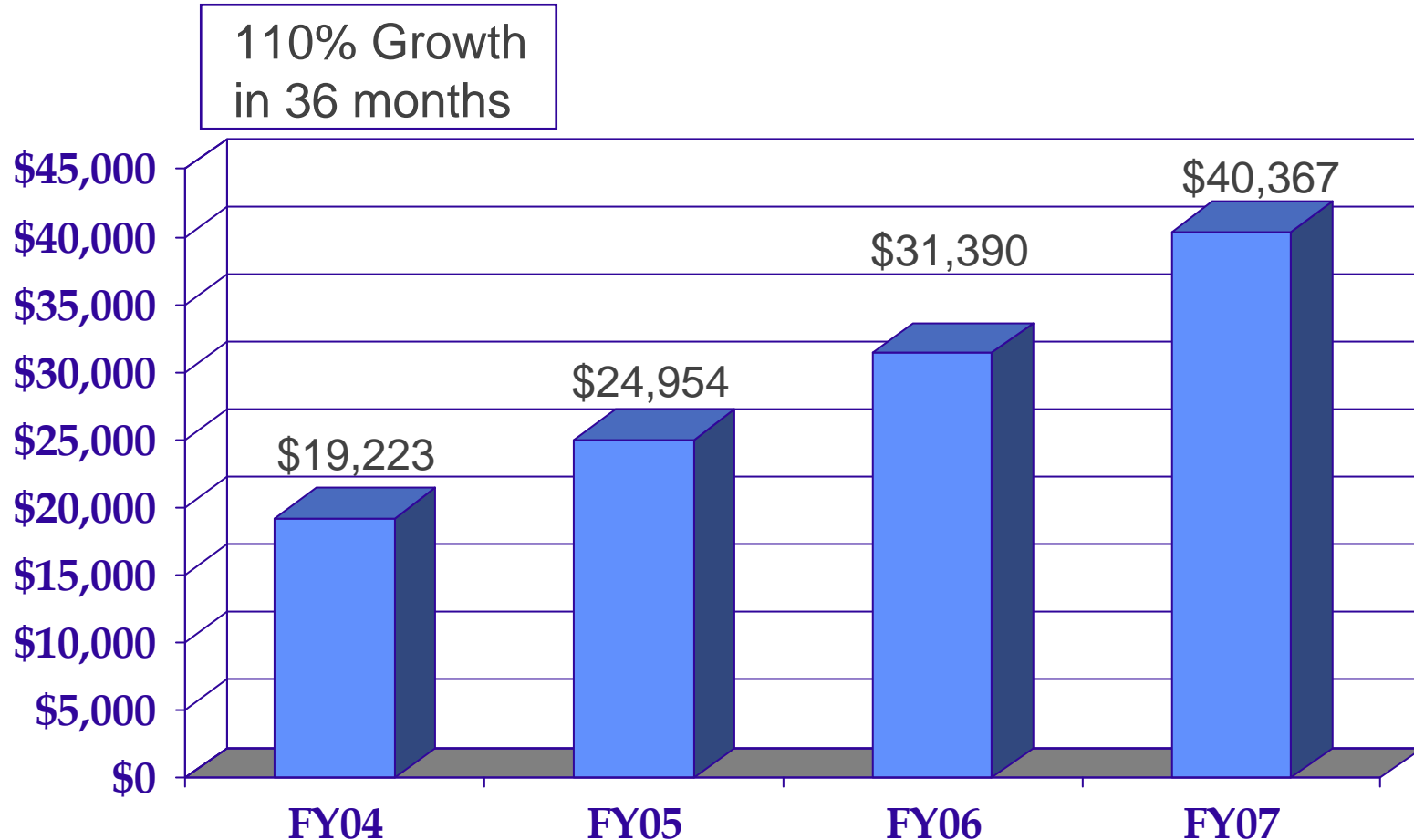
Uncompensated Care (Cost) FY2007

- **Free care, charity care and bad debts...\$40.3 million.**
- **Medicaid shortfall (cost less payment)...\$91.4 million.**
- **Offset by subsidies from State uncompensated care pool and free bed funds...\$21.6 million.**
- **Estimated FY2007 uncompensated care...\$110 million.**

Yale-New Haven Hospital

Free Care, Charity Care & Bad Debt Analysis

(At Cost) (In Thousands)



Free Care, Charity Care and Bad Debt are net of Free Bed Funds and State Uncompensated Care Pool Payments.

Financial Assistance Policies

International Patients

- Increase in the number of undocumented residents and international “visitors” who present in ED.
- Inability of hospital to discharge as patients often have no family, place of residence or resources.
- Implemented program to pay for transportation to originating country, establish medical home, and pay for DME and short-term pharmacy.
- Assisted with over 80 patients in last two years and provided transportation to China, Africa, Mexico and Philippines.
- Program has provided a discharge mechanism and has freed up necessary beds in the hospital.

Financial Assistance Policies Challenges

- **Dramatic increase in number of undocumented residents, particularly in New Haven.**
- **Increase in number of international patients who present in ED.**
- **Prior to free care, many patients were comfortable paying something towards their account; that incentive has been lost.**
- **Continued challenge to communicate financial assistance programs to patients.**

Financial Projections

FY2008 to FY2010

- **Continued increases in free care, charity care and bad debt; potentially growing at \$10 million a year.**
- **Flat or declining governmental reimbursement from Medicare and Medicaid.**
- **Cost shifting to commercial and managed care payers is not sustainable. Insurance shifts to greater self-pay will further reduce reimbursement.**
- **Capital requirements for physical infrastructure and information systems is tremendous.**
- **Maintaining employer of choice and recruiting workforce will be challenging.**