Policies and Procedures

Prompt Pay Discounts of Account Receivables

I. PURPOSE:
To provide authority to the Regional Chief Financial Officers (RCFO) for the approval of discounts of accounts receivables. This policy will apply to discounts provided to insurance payors or patients.

Charity Care means necessary hospital care rendered to indigent persons to the extent that these persons are unable to pay for the care or to pay the deductibles or coinsurance amounts required by a third-party payer, as determined by HHSC, and as reported on the hospital’s financial statement.

Hospital means Hawaii Health Systems Corporation (“HHSC”) and any of its hospitals.

This policy shall be applied consistently and shall not discriminate based on ethnicity, nationality, gender, age, or marital status of the patient. Notwithstanding the foregoing, the RCFO will have discretionary authority to grant discounts on a case-by-case basis.

II. POLICY:
A. Eligibility:
1. Self-Pay Discount. To be eligible for this discount, the patient must meet all items a-d below:
   a. does not qualify for charity care under the guidelines of HHSC’s Charity Care policy; and
   b. does not qualify for participation in Medicare, Medicaid or any other Federal or State health care program; and
   c. non-governmental insurance plan, if any, does not provide full coverage for all of the patient’s medical expenses; and
   d. Discounts will only be provided for medically necessary care.

2. Insurance Payor Discount. To be eligible for this discount, the patient insurance carrier must be a non-contracted, non-governmental payor and the payor or the payor’s legal representative requests a discount in exchange for prompt payment.

B. Discount Amount
1. Any discount offered must be applied to the hospital’s usual and customary charges for items and services. The discount shall apply to amounts only to the extent that the discount does not conflict with, or require adjustments to payments for covered services under applicable agreements with any third party payers.
2. Discounts provided under this policy shall not exceed **35 percent** of gross charges.

3. The discount shall be contingent upon payment of the net balance due within **30 days** from the date of the approval. If the net balance due is **$5,000** or greater, the discount shall be contingent upon payment of the net balance due within **90 days** from the date of the approval. Interest shall not be charged on the outstanding balance due. If the balance due after the discount is applied is not paid within the specified time frame, the original gross amount will be immediately due and payable.

4. The account shall be submitted to the RCFO along with the supporting documents for review and approval after all information has been verified by the Business Office. The amount of the discount shall be determined by the RCFO with a maximum limit as defined in section II.2.C above.

5. The discount shall be adjusted from the patient’s account as an “administrative adjustment – AR discount”.

C. **Corporate Compliance Requirements**

   1. HHSC shall comply with all applicable Federal or State laws, regulations and statutes.
   2. Discounts shall not be advertised or otherwise used for marketing purposes by HHSC and shall not be used as an inducement for the patient to utilize the services provided by the Hospital.
   3. Notwithstanding anything in this policy to the contrary, the Hospital will at all times comply with all provisions of the Emergency Medical Treatment and Active Labor Act (“EMTALA”).
   4. The waiver of coinsurance or deductible amounts owed to HHSC by a patient who is a beneficiary of a Federal or State health care program shall not constitute a price reduction by the hospital for the procedures performed, and in no way shall they be considered by a third-party payer for purposes of determining reimbursement levels or amounts owed by such third-party payers to HHSC.
   5. HHSC will not claim waived amounts as bad debt or otherwise shift the burden to the Medicare or Medicaid programs, other payers or individuals.