

Policy Title: Financial Assistance Policy (FAP)	Origination Date: 4/26/2017
Departments Affected: SHS Organization-wide	Last Approval Date: 09/24/2025
Approved By: CFO, BOD	

**Purpose of Policy:** This Policy is intended as a guideline to define the parameters of the eligibility requirements for assistance offered under the Policy. This Policy serves to meet the requirements set forth in the Internal Revenue Code Section 501(r), the National Health Service Corps (NHSC) and aspects of House Bill (HB) 21-1198 for Hospital Discounted Care.

**Scope:** This Policy applies Organization-wide to Southwest Health System, Inc.

**Definitions:**

SHS	Southwest Health System, Inc. includes all facilities operating under SHS's Tax Identification Number.
SMG	Southwest Medical Group includes all clinics under SHS.
Household	For purposes of this Policy, any person living at the primary address or counted on the applicant's most current tax return can be included on the application for determining household or family size. This can include any other members who live outside of the state or country that the patient or their guardian provides 50% or more of their support; unborn children for any pregnant household member; children age 18 years or older who are attending high school or college and whose parents support them; children with disabilities, regardless of age, if the patient or their guardian supports the child.
AGB	Amount Generally Billed per Medicare guidelines
NHSC	The National Health Service Corps is a federal program within the US Department of Health and Human Services that supports primary care providers in underserved communities.

**Materials:**

- FAP Application WS A
- FAP Application WS B
- HDC-FAP Eligible Notice and HDC-FAP Not Eligible Notice
- HDC-FAP Card

**Attachments:**

- Retail Pharmacy Sliding Scale

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**Policy:** Southwest Health System, Inc. (SHS) is committed to providing financial assistance to persons who have healthcare needs and are uninsured, underinsured, medically indigent or otherwise unable to pay for emergent or medically necessary care based on their individual financial situation. Consistent with its mission to provide the highest quality healthcare to our community by bringing excellence and service together to promote, improve and restore health, SHS strives to ensure that the financial circumstances of people who need healthcare services does not prevent them from seeking or receiving care. All individuals who come to SHS's Emergency Department, or an SHS property, for an examination or treatment for a medical condition will be screened to determine whether an emergency medical condition exists consistent with the SHS Description of Services Policy. Neither the initial medical screening nor life-saving treatment will be impeded by inquiries about the individual's method of payment or insurance status.

### Eligibility Criteria:

1. Eligibility for financial assistance under this Policy will be based on income level and household size.
2. Patients who are self-pay, or who have an outstanding bill after all insurance payments have been received, may qualify for financial assistance.
3. Patients who are determined to be financially indigent with the following gross household income percentage of the Federal Poverty Level Guidelines (FPL), as updated by the U.S. Department of Health and Human Services, may be eligible for up to 100% discount of outstanding balances as outlined in the following:

% FPL	0%-250%
<b>SMG Clinic Services Patient Responsibility</b>	<b>\$0.00</b>
<b>SHS Hospital Services Patient Responsibility</b>	<b>\$0.00</b>
<b>SHS Retail Pharmacy Patient Responsibility</b>	<b>See <i>Retail Pharmacy Sliding Scale Attachment</i></b>

- a. Current FPL can be found at <https://aspe.hhs.gov/poverty-guidelines>
4. SHS acknowledges that significant health events may result in catastrophic financial burden to a patient and family. As such, SHS reserves the right to review catastrophic cases on an individual basis. Consideration for a reduced financial obligation will be made factoring outstanding medical bills accumulated within the last 365 days, as well as those anticipated to occur within the next 90 days. A catastrophic financial burden is one which results in a financial burden of 25% or greater of annual household income.
5. Patients who are eligible under *Determination of Financial Assistance, Section 3:b* of this policy may be eligible for a financial assistance discount.
6. Patients who are enrolled in Medicaid, in which SHS is not enrolled, and have costs associated with SHS-provided health care services are eligible for financial assistance. Patient signature and the supporting documentation may be waived if the patient can prove Medicaid eligibility.

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7. Financial assistance of outstanding charges may also be applicable for patients who are enrolled in Medicaid, in which SHS is enrolled, but Medicaid will not backdate for medical coverage. Patient signature and the supporting documentation may be waived if the patient can prove Medicaid eligibility.
8. Factors not included in eligibility for discounts include assets, insurance status, participation in the Health Insurance Marketplace, citizenship or population type as per the NHSC guidelines.
9. Not all discounts SHS might offer its patients are properly viewed as financial assistance. SHS may offer payment discounts or other discounts outside of FAP and may charge discounted amounts greater than AGB.

#### **Services Not Covered Under This Policy:**

1. SHS reserves the right to limit the services covered by the Policy. Services not covered by this Policy include, but are not limited to:
  - a. Non-medically necessary treatment
    - i. Medically Necessary has the same meaning as defined in CCR 10-2505-10, Section 8.076.1.8
  - b. Services rendered by a provider who bills for services under their own tax ID
    - i. A list of covered and non-covered providers who provide services at and/or for SHS can be obtained at <https://www.swhealth.org/patient-visitors/financial-assistance/>

#### **Limitation on Charges:**

1. SHS does not charge FAP eligible patients more for emergency or other medically necessary care than amounts generally billed (AGB) to those who have insurance covering such care. Rather, and in lieu of a Sliding Fee Scale, SHS provides emergent or other medically necessary care free of charge to any patients who meet the eligibility criteria for financial assistance under this policy.
  - a. The exception to this is SHS's Retail Pharmacy. The Retail Pharmacy utilizes a Sliding Scale for patient copayments. The Sliding Scale is an Attachment to this policy. It is updated as necessary. If the patient price is less than the Sliding Scale copay amount for a medication, the patient will be charged the lesser amount.
2. SHS uses the look-back method and calculates an AGB percentage by dividing the sum of all of the amounts of its claims for emergent and other medically necessary care that have been allowed by Medicare fee-for-service for the preceding twelve (12) months, by the sum of the associated gross charges for those claims. SHS posts a current copy of the AGB calculation description and percentages on its website at <https://www.swhealth.org/patient-visitors/financial-assistance/>

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### **Method for Applying for Financial Assistance:**

1. Information and assistance with the application process can be obtained free of charge in person at the SHS Emergency Department Admissions, Registration Department, Patient Financial Services Department, and SMG Clinics Registration. Information and an application may also be obtained free of charge online at <https://www.swhealth.org/patient-visitors/financial-assistance/> or by calling the Patient Financial Services Department at 970-564-2130.
2. It is ultimately the patient's responsibility to provide the necessary information to qualify for financial assistance. There is no assurance that the patient will qualify for financial assistance.

### **Measures to Publicize the Financial Assistance Policy to the community and patients free of charge:**

1. Posting the policy, application and a summary of the policy on the SHS website at <https://www.swhealth.org/patient-visitors/financial-assistance/>
2. Providing paper copies of the policy, application, and summary of the policy upon request in the SHS Emergency Department Admissions, Registration Department, SMG Clinics Registration and the Patient Financial Services Department.
3. Posting notices about the policy in the SHS Emergency Department Admissions and Registration areas, SMG Clinics Registration areas and the Patient Financial Services office.
4. Offering a plain language summary of the policy and offering a financial assistance application to patients as part of the intake or discharge process.
5. Informing patients about the policy in person and during billing and customer service phone contacts.
6. Including a conspicuous written notice on billing statements that notifies and informs patients about the availability of financial assistance under the policy. The notice will state the telephone number of the department that can provide information about the policy and the application process, and the web site address where copies of the policy, application form, and plain language summary of the policy may be obtained.
7. Information is also distributed to the community through the Montezuma County Social Services Department and the Pinon Project Family Resource Center.

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## Billing and Collections Policy:

1. For the purpose of SHS's FAP Policy, a patient has, in general, 240 days after the date of the first post-discharge billing statement to submit a Financial Assistance Application for the Financial Assistance Program.
2. SHS observes rules and definitions of HB 21-1198 Hospital Discounted Care in regard to processes and time frames concerning Billing and Collection Actions (including permissible and impermissible Extraordinary Collection Actions) for FAP. HB 21-1198 meets or exceeds rules set forth by IRS Billing and collections – Section 501(r)(6). SHS follows administrative guidance by the Colorado Department of Health Care Policy & Financing through the Hospital Discounted Care Manual located at <https://hcpf.colorado.gov/hospital-discounted-care>. A copy of the Hospital Discounted Care Manual can also be obtained free of charge in person at the SHS Patient Financial Services Department or by calling 970-564-2130.
3. The Patient Financial Services Department, under direction of the CFO, has final authority or responsibility for determining that SHS has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECAs against the individual.

## Determination of Financial Assistance:

Financial Assistance is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with SHS procedures for qualifying for financial assistance. Financial Assistance discounts are to be assessed only as a last resort, and all current third-party coverage is to be considered primary to a discount. This includes, but is not limited to any coverage such as commercial insurance, Medicare, Workers Compensation, COBRA, Medicaid, and liability or auto insurance that covers the medical service in question.

1. Financial Assistance Discount Guidelines:
  - a. Determination of financial assistance will be made in accordance with procedures that may involve:
    - i. An application process in which the patient or patient's guarantor is required to supply information and documentation relevant to making a determination of financial need
    - ii. A review of household size and the household gross income for a twelve-month period
  - b. A presumptive eligibility determination may be obtained in unusual or extenuating circumstances when a patient is unable to submit a complete application. Presumptive eligibility provides the patient with the immediate access to care and provides opportunity to encourage and assist the patient with submitting a full application. Presumptive eligibility may be determined on the basis of individual life circumstances which may include, but is not limited to:
    - i. Homelessness or receipt of care from a homeless shelter
    - ii. Eligibility for medical assistance programs such as Health First Colorado Medicaid or CHP+, Medicare Savings Program (MSP, Long Term Care (LTC), Out-of-State Medicaid programs, Hospital Discounted Care (HDC)
    - iii. Patient is deceased with no known estate

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- iv. Eligibility for Food Assistance (SNAP)
- v. Eligibility for Low-Income Energy Assistance (LEAP)
- vi. Eligibility for Temporary Assistance to Needy Families (TANF)/Colorado Works (CW)
- vii. Eligibility for Aid to the Needy and Disabled (AND)
- viii. Eligibility for Old Age Pension (OAP)
- ix. Eligibility for Home Care Allowance (HCA)
- x. Patient who has filed bankruptcy and whose bill has been fully discharged by the court

2. Household Size:

- a. Any non-spouse or civil union partner, non-student adults under the age of 65 MUST have financial support demonstrated or attested to in order to be included on the application to receive discounted services
- b. An applicant does not need to prove financial support for their spouse or civil union partner, any minor children, any adult students, or any adult age 65 or older living in the household

3. Household Income:

- a. Household income does not include non-cash benefits such as food stamps and subsidies
- b. Household income includes, but is not limited to:

- i. Earned income
  - 1. Employment Income
- ii. Unearned income
  - 1. Social Security Income
  - 2. Social Security Disability Income
  - 3. Disbursement from Retirement Accounts
  - 4. Pension Payments
  - 5. Payments from Trust Funds
  - 6. Disbursement from Lottery Winnings

- iii. Annual or One Time Income Sources:
  - 1. Bonuses
  - 2. Short Term Disability
  - 3. Unemployment Income
  - 4. Tips and Commissions
  - 5. Infrequent Overtime

iv. Self-Employment Income

4. Income Verification:

- a. Income verification will be documented with the financial assistance application through one or more of the following mechanisms:
  - i. Payroll stubs showing gross income
  - ii. Copies of all income checks
  - iii. Signed letters from employers on business letterhead stating gross income for the specified time
  - iv. Letter from a state or federal agency showing amount of income received from that agency



1311 N. Mildred Road, Cortez, CO 81321

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- v. Bank statements showing direct deposits
- vi. If self-employed, a Profit and Loss statement verifying gross income, including a list of expenses, then net income
- vii. Interest statements from banks, savings and loans or other investment sources
- viii. IRS Income Tax Return forms
- ix. W2 forms
- x. If no income and support is being provided by someone, the person providing support must write a letter including their name, address, phone number and signature stating the type of support that is being provided

#### **Length of Eligibility:**

1. Once financial assistance has been approved, the discount is generally effective for the current dates of service and for emergent or medically necessary services received for 12 months after the date of the completed application, with consideration to income and expense variations within the 12-month period
2. Patients are responsible for notifying SHS Financial Assistance Staff of significant income or expense changes within the year of eligibility

#### **Notification of Eligibility Determination:**

1. Patients/Guarantors will be notified by letter of the final determination of eligibility for financial assistance and the basis for the determination

#### **Appeals Process:**

1. Individuals who are denied financial assistance under the provisions of this policy may request a review of determination in writing. Requests can be submitted to:

Southwest Memorial Hospital  
Attn: Director of Patient Financial Services  
1311 N Mildred Road  
Cortez, CO 81321

2. Appeals progressing above the level of management within Patient Financial Services are taken to the Chief Financial Officer



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## References:

1. IRS Requirements for 501(c)(3) Hospitals Under the Affordable Care Act – Section 501(r). IRS Financial Assistance Policy and Emergency Medical Care Policy – Section 501(r)(4)
  - a. <https://www.irs.gov/charities-non-profits/charitable-organizations/requirements-for-501c3-hospitals-under-the-affordable-care-act-section-501r>
2. IRS Financial Assistance Policies (FAPs)
  - a. <https://www.irs.gov/charities-non-profits/financial-assistance-policies-faps>
3. Clarifications to the Requirement in the Treasury Regulations Under 501(r)(4) that a Hospital Facility's Financial Assistance Policy include a List of Providers Notice 2015-46
  - a. <https://www.irs.gov/pub/irs-drop/n-15-46.pdf>
4. HRSA National Health Service Corp - National Health Service Corps Site Reference Guide
  - a. <https://nhsc.hrsa.gov/nhsc-sites/index.html>
  - b. <https://nhsc.hrsa.gov/sites/default/files/NHSC/nhsc-sites/nhsc-site-reference-guide.pdf>
5. HRSA National Health Service Corps NHSC Sliding Fee Discount Program Information Package
  - a. <https://nhsc.hrsa.gov/sites/eligibility-requirements>
  - b. <https://nhsc.hrsa.gov/sites/default/files/nhsc/nhsc-sites/nhsc-site-reference-guide.pdf>
6. House Bill (HB) 21-1198, Hospital Discounted Care Operations Manual
  - a. <https://hcpf.colorado.gov/hospital-discounted-care>
  - b. <https://hcpf.colorado.gov/sites/hcpf/files/2024-25%20283%29%20Hospital%20Discounted%20Care%20Manual.pdf>

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**Rewvisions:**

New/ Revision Date	Description of Change	By:
1/24/2020	Complete rewrite to reflect alignment with Internal Revenue Code Section 501(r), the National Health Service Corp guidelines, and current SHS policies.	Audrey Sanders, Financial Operations Advisor
12/18/2023	<ul style="list-style-type: none"> <li>• Expand definition of Household size</li> <li>• Update Materials list</li> <li>• Update collection timeframe aspects regarding House Bill (HB) 21-1198 Hospital Discounted Care</li> <li>• Include information about other discounts in Eligibility Criteria</li> <li>• Remove exclusion of Retail Pharmacy and add copay information</li> <li>• Update website for Services Not Covered, AGB Calculation, Method of Application and Measures to Publicize</li> </ul>	Audrey Sanders, Financial Operations Advisor
08/04/2025	<ul style="list-style-type: none"> <li>• Update definitions</li> <li>• Update Materials list</li> <li>• Remove all reference to the Colorado Indigent Care Program (CICP)</li> <li>• Update Billing and Collections section to align with HB 21-1198 Hospital Discounted Care</li> <li>• Update Keyword Search</li> </ul>	Audrey Sanders, Financial Operations Advisor
09/05/2025	<ul style="list-style-type: none"> <li>• Remove Retail Pharmacy copay table amounts and update to include Retail Pharmacy Sliding Scale attachment</li> </ul>	Audrey Sanders, Financial Operations Advisor

**Keyword Search:** Financial Assistance Policy; FAP; Charity; Sliding Scale; Bad Debt; Collections