 <b>JOHNS HOPKINS</b> MEDICINE JOHNS HOPKINS HEALTH SYSTEM	<b>The Johns Hopkins Health System          Policy &amp; Procedure</b>	<i>Policy Number</i>	FIN041
	<i>Subject</i> <b>ESTIMATING INPATIENT PAYMENT          REQUIREMENTS</b>	<i>Effective Date</i>	05-15-09
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## POLICY

This policy applies to The Johns Hopkins Health System Corporation (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center, (JHBMC), and Howard County General Hospital (HCGH).

### Purpose

The purpose of this policy is to establish standards and procedures for the estimation of inpatient payment requirements.

Payments will be requested for all inpatient admissions with less than one hundred percent verified insurance coverage. In calculating the amount of these payments, the following factors will be taken into consideration:

1. Each admission will be assigned an Estimated Length of Stay, using an average length of stay as determined through case mix analysis or clinical pathway definition. A physician-determined length of stay will be utilized for any admission that cannot be determined by applying case mix data.
2. The estimated charges will include hospital charges only.
3. Prior unpaid balances due from the patient (in active Accounts Receivable only) will be included in the estimate.
4. The estimate will include the level of verified insurance coverage, including secondary payers.

Payments will also be requested from patients for services they have requested or authorized that are not covered by their insurer, such as telephone, television, private rooms, or services not authorized by their managed care provider for which payment is required by the patient/guarantor.


For all elective patients, payments will be required prior to or upon admission. For any patients admitted on an urgent or emergent basis, the Patient Service Coordinator/Financial Counselor will be responsible for calculating the patient's expected self-pay liability and for requesting that payment be made prior to discharge, in accordance with JHHS Finance Policy No. FIN055 - Discharge Clearance.

An appropriate discount will be offered in accordance with applicable state and federal regulations to any patient who pays his or her estimated liability.

## REFERENCES

### **JHHS Finance Policies and Procedures Manual**

- Policy No. FIN033 - Installment Payments
- Policy No. FIN034 - JHHS Financial Assistance Program
- Policy No. FIN044 - Inpatient Admission & Financial Responsibility
- Policy No. FIN045 - Verification of Insurance Benefits - Inpatient and JHCP Services
- Policy No. FIN054 - Special Entitlement Advocacy Program
- Policy No. FIN055 - Discharge Clearance
- Policy No. FIN056 - Financially Clearing Hospital Transfers and Other Direct Source Admissions
- Policy No. FIN062 - Granting Financial Clearance for Transplant Patients

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Annotated Code of Maryland, Health-General - ' 4-301; ' 19-355; ' 19-708.

**RESPONSIBILITIES - JHH**

Patient Service Coordinator	<p>Prepare estimate of inpatient charges and self-pay portion for all elective admissions.</p> <p>Advise patient of amount due prior to admission. Advise patients who are unable to pay their minimum liability of other available payment options.</p> <p>Calculate Health Services Cost Review Commission (HSCRC) discounts as appropriate.</p>
Hopkins Emergency Admissions (HEAL) Team /Financial Counselor	<p>Prepare estimate of inpatient charges and self-pay portion for all non-elective admissions, documenting all relevant information.</p> <p>Interview patients on nursing unit and advise patients of self-pay amount that is now due. Advise patients who are unable to pay their minimum liability of other available payment options.</p> <p>Calculate HSCRC discount as appropriate and advise cashier.</p>

**RESPONSIBILITIES – JHBMC & HCGH**

Financial Counselor	<p>Prepare estimate of inpatient charges and self-pay portion for all admissions, documenting all relevant information.</p> <p>For elective admissions, advise patient of amount due prior to admission. For all non-elective admissions, interview patient on nursing unit and advise patient of self-pay amount that is now due.</p> <p>Advise patients who are unable to pay their minimum liability of other payment options available.</p> <p>Calculate HSCRC discount as appropriate and advise cashier.</p>
Medical Records Director	<p>Provide Financial Counseling staff with case mix data to support charge determination.</p>

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**SPONSOR**

Senior Director, Patient Finance (JHH, JHHS, JHBMC, HCGH)

**REVIEW CYCLE**

Three (3) years

**APPROVAL**

  
 Vice President of Finance/CFO and Treasurer, JHHS

4-19-09  
 Date

**PROCEDURES - JHH**

A. Pre-admission – Elective

1. Patient Service Coordinator
  - a. Prepare Estimate of Inpatient Charges immediately after receiving confirmation of insurance coverage from insurance verifier.

Using Option 1 or 2


Option 1

Use Average Per Diem by Services Report and patients estimated length of stay to compute total hospital charges. Factor in rate increase if not reflected in Report. Subtract verified insurance coverage, accounting for deductibles and co-payments. Add additional charges (e.g., telephone, television, private room charges) as applicable to arrive at the patient's financial responsibility (see worksheet in Appendix A).

Option 2

Calculate the estimated amount of the patient's bill using C view. The Patient Service Coordinator will identify similar previous patient discharges (i.e. same surgery and course of treatment) as both principal singular or multiple procedures, then calculate the mean and median average total charge. An estimate will be based on the alignment of the mean, median and results of worksheet in Appendix A.

- b. Advise patient of the amount due prior to admission, as determined in Procedure step 1a.


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- c. Give financial clearance to patients who can provide at least 80% of their estimated liability.
- d. Advise patients unable to meet 80% of their estimated liability of other available payment options: Medical Assistance applications, Installment Payments, JHHS Financial Assistance Program, special funds, etc.
- e. Advise physician's office that Patient Financial Services recommends the admission be deferred for patients who do not qualify for any other payment alternatives. If physician does not agree he can choose to exercise the override option through the Department Administrator or Chief of Service.
- f. Patients admitted as a result of an override process are responsible for all charges associated with the admission and should be thoroughly screened for available programs or payment options.
- g. Calculates appropriate HSCRC prompt payment discount in accordance with regulations; advise cashiers of discount amount for patient's account.
- h. Document all relevant financial information pertaining to the patient's admission.

**B. Urgent Admissions**

**1. HEAL Team**

- a. Use Average Per Diem by Services Report and patients estimated length of stay to compute total hospital charges. Factor in rate increase if not reflected in Report. Subtract verified insurance coverage, accounting for deductibles and co-payments. Add additional charges (e.g., telephone, television, and private room charges) if applicable. Result is patient's responsibility (see Appendix A worksheet).
- b. See patient or responsible family member in clinic, Emergency Department or admitting office and inform the patient or responsible family member that the estimated self-pay amount is due prior to discharge.
- c. Ascertain patient's ability to pay expected balance. Advise patient/guarantor who is unable to pay expected balance of other available payment alternatives: Medical Assistance applications, special funds, etc.
- d. Calculate appropriate HSCRC prompt payment discount in accordance with regulations; advise the cashiers of the discount amount for patient's account.

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- e. Document all relevant financial information pertaining to the patient's admission.


**C. Emergency Department Admissions**

1. Emergency Department Admissions Financial Counselors
  - a. Within twenty-four (24) hours of patient's admission, and after verification of insurance benefits, compute patient's estimated financial responsibility. Use Average Per Diem by Services Report and patients estimated length of stay to compute total hospital charges. Factor in rate increase if not reflected in Report. Subtract verified insurance coverage, accounting for deductibles and co-payments. Add additional charges (e.g., telephone, television, private room charges) if applicable (see Appendix A worksheet).
  - b. See patient on nursing unit or inform family that the estimated self-pay amount is due prior to discharge.
  - c. Ascertain patient's ability to pay expected balance. Advise patient/guarantor who is unable to pay the balance of other available payment alternatives: Medical Assistance applications, Installment Payments, Financial Assistance, special funds, etc.
  - d. Calculate the appropriate HSCRC prompt payment discount in accordance with regulations and advise the cashiers of the discount amount for patient's account.
  - e. Document all relevant financial information pertaining to the patient's admission.

**PROCEDURES – JHBMC & HCGH**

**A. Elective Admissions**

1. Financial Counselors
  - a. Charges as soon as insurance benefits have been confirmed.
  - b. Use Average Per Diem by Services Report and patients estimated length of stay to compute total hospital charges. Factor in rate increase if not reflected in Report. Subtract verified insurance coverage, accounting for deductibles and co-payments. Add additional charges (e.g., telephone, television, private room charges, etc.) if applicable to arrive at the patient's financial responsibility (see Appendix A worksheet).
  - c. Advise patient of the amount due prior to admission, as determined in Procedure (b).


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- d. Give financial clearance to patients who can provide at least 80% of their estimated liability.
- e. Advise patients unable to meet 80% coverage of their liability of other available payment options: Medical Assistance application, Installment Payments, Financial Assistance, special funds, etc.
- f. Advise physician's office that elective admission may be deferred for patients who do not qualify for any other payment alternatives.
- g. Calculate appropriate HSCRC prompt payment discount in accordance with regulations and advise the cashiers of the discount amount for patient's account.
- h. Document all relevant financial information pertaining to the patient's admission.

**B. Emergency Admissions**

**1. Financial Counselors**

- a. Prepare an Estimate of Inpatient
- b. Use Average Per Diem by Services Report and patients estimated length of stay to compute total hospital charges. Factor in rate increase if not reflected in Report. Subtract verified insurance coverage, accounting for deductibles and co-payments. Add additional charges (e.g., telephone, television, private room charges, etc.) if applicable to arrive at the patient's financial responsibility (see Appendix A worksheet).
- c. See patient on the nursing unit or responsible family member and inform them that the estimated self-pay amount is due prior to discharge.
- d. Ascertain the patient's ability to pay expected balance. Advise patient/guarantor who is unable to pay the expected liability of other available payment options: Medical Assistance applications, Installment Payments, Financial Assistance, special funds, etc.
- e. Calculate appropriate HSCRC prompt payment discount in accordance with regulations and advise the cashiers of the discount amount for patient's account.
- f. Document all relevant financial information pertaining to the patient's admission; notify cashiers' office of required payment by discharge.

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**APPENDIX A  
 INPATIENT ESTIMATED PAYMENT WORKSHEET**

**Table 1**

Patient Name:			
Medical Record Number:		Medical Service:	
Expected Admission Date:		Admitting MD:	
Procedure (Surgical only)			
Completed by:		Date:	

**Table 2**

A		Average Charge Per Day	
B	X	Estimated Length of Stay	
C	=	Total Estimated Charges	
D	C	Verified Insurance Coverage	
E	+	Private Room (Line B x \$____/day Differential)	
F	C	HSCRC Discount (if applicable)	
G	0	Delinquent Account Balances	
H	=	<b>TOTAL PAYMENT REQUIRED</b>	

- Step 1: Gather all information shown in the shaded boxes in Table 1.
- Step 2: Obtain Average Charge per Day from Revenue & Reimbursement or Medical Records Department (Rows A and B, Table 2).
- Step 3: Calculate the patient's total estimated charges (Row C, Table 2).
- Step 4: Subtract verified insurance benefits from total estimated charges (Row D, Table 2).
- Step 5: Add any miscellaneous charges due (telephone, etc.) (Row E, Table 2).
- Step 6: Subtract the HSCRC prompt payment discount if applicable (Row F, Table 2).
- Step 7: Add the total of all outstanding patient balances (Active Accounts Receivable only) (Row G, Table 2).
- Step 8: Sum the total estimated patient liability (Row H, Table 2).