



DEPARTMENT: Legal	POLICY DESCRIPTION: Waiver of Medicare Copays and Deductibles; Offering of Additional Benefits
PAGE: 1 of 5	REPLACES POLICY DATED: (See Attachment A) and 6/1/98
EFFECTIVE DATE: January 1, 2009	REFERENCE NUMBER: LL.GEN.001
APPROVED BY: Ethics and Compliance Policy Committee	

SCOPE: All Company facilities, including but not limited to, hospitals, ambulatory surgery centers, home health agencies, physician practices, outpatient imaging centers, and all Corporate departments.

PURPOSE: To establish specific and limited circumstances under which it is permissible for a Company healthcare facility to waive or reduce a Medicare beneficiary's obligation to pay coinsurance or deductible amounts owed for the provision of medical services.

POLICY: The legal standards which permit waivers or reductions of a Medicare beneficiary's obligation to pay coinsurance or deductible amounts are complicated and vary depending upon the type of provider granting the waiver as well as other factors. Any discounts or waivers provided to physicians who are Medicare beneficiaries must comply with the Professional Courtesy Discount Policy, LL.018.

A. HOSPITAL PROVIDERS

A hospital provider may waive or reduce the coinsurance or deductible obligations owed by Medicare patients (including those members of affinity groups or programs, such as H2U, that are Medicare beneficiaries other than potential referral sources) on a routine basis and advertise such waivers to attract Medicare business (subject to the approval process for advertising set forth below in Part C of this policy), as long as the hospital strictly complies with all of the following four (4) requirements:

1. The coinsurance or deductible amounts waived must be (a) owed to the hospital, (b) for inpatient hospital services, and (c) reimbursed under the Medicare Part A prospective payment system (*i.e.*, the DRG system);
2. The hospital must not later claim the amount reduced or waived as bad debt for payment purposes under Medicare or otherwise shift the burden of the reduction or the waiver onto Medicare, a state healthcare program, other payers, or individuals;
3. The hospital must offer to reduce or waive the coinsurance or deductible amounts without regard to (a) the reason for admission, (b) length of stay of the beneficiary, or (c) the diagnostic related group for which the claim for Medicare reimbursement is filed; and
4. The hospital's offer to reduce or waive the coinsurance or deductible amounts must not be made as part of a price reduction agreement between the hospital and a third-party payer, unless the agreement is with the furnisher of a Medicare SELECT policy (but not a Medigap policy).

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Medicare SELECT is a type of Medigap supplemental insurance, which provides full payment of benefits if services are furnished through a network of preferred providers.

B. PROVIDERS OTHER THAN HOSPITALS

Providers paid under Medicare Part A other than hospitals (*i.e.*, skilled nursing facilities and home health agencies), charge-based providers, such as ambulatory surgery centers, physicians, and medical equipment providers, and all other providers or suppliers of Medicare Part B services, may waive or reduce Medicare coinsurance or deductible amounts only if the following three (3) statutory requirements are met:

1. The waiver is not advertised;
2. The waiver is not routinely offered; and
3. The waiver satisfies one of the following:
 - (a) the waiver is made following an individualized, good faith assessment of financial need, or
 - (b) the waiver is made after reasonable efforts have failed to collect the copayments or deductibles directly from the patient.

Any waiver or reduction of Medicare coinsurance or deductible amounts that do not strictly comply with the above policy standards are subject to potential criminal and civil sanctions and are strictly prohibited by this policy.

C. MARKETING, ADVERTISING OR OTHER PROMOTIONAL MATERIALS

1. In addition to strict compliance with the above standards, any marketing, advertising or other promotional materials provided to or focused toward hospital patients or members of affinity groups (such as H2U) must be approved by your assigned Operations Counsel working in conjunction with the Company's Marketing Department prior to being disseminated. Any such materials must clearly state that any offered waiver of benefits DO NOT apply to medical services rendered or items furnished by skilled nursing facilities, home health agencies, or by any providers or suppliers of Medicare Part B services, such as ambulatory surgery centers, physicians, or medical equipment providers.
2. Membership in affinity groups for seniors (such as H2U) must be open to all individuals based on senior age status and not limited to individuals with certain health conditions. Membership in any other affinity groups must not be limited to individuals with certain health conditions or limited in any way that would violate the requirements of this policy.

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D. LIMITED TO MEDICARE OBLIGATIONS

The specific waiver benefits set forth in this policy permit the waiver or reduction only of Medicare obligations to pay coinsurance or deductible amounts. This policy does not apply to the waiver or reduction of coinsurance or deductible amounts owed by beneficiaries of Medicaid, any private or employee health insurance plan, or any other non-Medicare reimbursement system. Waivers or reductions of non-Medicare coinsurance or deductible amounts will be addressed in a separate corporate policy and do not fall within the scope of the present policy. This policy does not apply to Medicare beneficiaries who are potential referral sources.

E. OTHER BENEFITS FOR AFFINITY GROUPS

In addition to the above described specific and limited waiver benefits, the following benefits offered to the members of an affinity group (such as H2U) are permissible:

1. Participation in free preventive health fairs offered and organized for the purpose of promoting the delivery of preventive health care through health screenings, hearing and vision tests, mammograms, pap smears, prostate cancer screenings, EKGs, or flu vaccines offered at such fairs. Free local transportation services, such as through a community courtesy van, may be provided to and from such fairs;
2. Periodic social and educational sessions and meetings conducted at Company owned facilities by Company staff for sessions or meetings that feature or include a lecture or presentation promoting preventive health care. Free local transportation services, such as through a community courtesy van, may be provided to and from such sessions and meetings;
3. One complementary meal ticket per day for a maximum of 7 days during a single inpatient admission for use by the spouse, caregiver, or friend of an inpatient member; and
4. Up to a 25% discount on hospital cafeteria meals for members as long as such discount is at fair market value based on the same discount such members could receive from other dining institutions in the market area based solely on their senior age status.

Any other benefits not described above, or any exceptions to the above policy, must be approved by the Vice President of Legal Operations through your assigned Operations Counsel prior to being offered to any member of an affinity group (including H2U members).



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F. BENEFITS WHICH MAY NOT BE OFFERED TO AFFINITY GROUPS OR PATIENTS

The following benefits may NOT be offered by a Company healthcare facility to any member of an affinity group (such as H2U), or to any patient, and are strictly prohibited under any circumstances:

1. Financial or monetary credits given for each inpatient or outpatient admission, which are or can be applied as a credit toward any out-of-pocket patient expense or any hospital service or charge (including but not limited to credits toward inpatient admissions, emergency room services, outpatient surgery services, outpatient diagnostic services, rehabilitation services, or personal amenities);
2. A cash rebate paid to any patient for the provision or furnishing of any medical services or items;
3. The waiver or reduction of Medicare copayments or deductible amounts in violation of the requirements of this policy, including waivers or reductions limited to the provision of certain types of medical services, specific reasons for admission, length of stay, or specific DRGs; and
4. The waiver or reduction of Medicare copayments or deductible amounts made as part of a price reduction agreement between a Company healthcare facility and a third-party payor, including a Medigap supplemental insurance payor, but excluding a Medicare SELECT payor.

G. LIMITED NATURE OF POLICY

NOTE: This policy is limited in scope. It is applicable only to certain benefits offered by Company healthcare facilities to Medicare patients and members of affinity groups (such as H2U). This policy does not address the waiver or reduction of a Medicaid (or any non-Medicare) beneficiary's obligation to pay coinsurance or deductible amounts. Moreover, this policy does not address the waiver or reduction of a patient's obligation to pay out-of-network penalties, copayments, or deductible amounts owed under any private or employee health insurance plan. These issues will be addressed in a separate corporate policy and do not fall within the scope of the present policy. This policy should not be used to grant waivers or reductions under any of these arrangements outside this policy's scope. Finally, this policy does not apply to Medicare beneficiaries who are potential referral sources. Please see the Professional Courtesy Discount Policy, LL.018, for further information on discounts and waivers to potential referral sources.



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PROCEDURE:

1. All Company healthcare facilities should conform their policies and procedures with respect to the waiver or reduction of a Medicare beneficiary's obligation to pay coinsurance or deductible amounts to this policy.
2. All affinity groups (such as H2U) affiliated or associated with a Company healthcare facility shall be required to adopt a written promotional, marketing, and advertising plan in compliance with this policy. Any such plan must be approved prior to implementation by the facility's Operations Counsel working in conjunction with the Company's Marketing Department.
3. Any promotional, marketing or advertising materials provided to or focused toward hospital patients or members of affinity groups (such as H2U) also should be approved in advance of implementation by the facility's Operations Counsel working in conjunction with the Company's Marketing Department and should comply with the above policy guidelines as to services and benefits offered.

REFERENCES:

42 U.S.C. sec. 1320a-7b(b)(2)(B) (1997); 42 C.F.R. sec. 1001.952(k)(1); 59 Fed. Reg. 65,372 (May 1991); 42 U.S.C. sec. 1320a-7a(a)(5), (i)(6) (1997); OIG Advisory Opinion No. 97-4; Letter from U.S. Senator John McCain, Sept. 8, 1997; Letter from OIG Inspector General June Gibbs Brown, Aug. 26, 1997.
Professional Courtesy Discount Policy, [LL.018](#)

ATTACHMENT A

The present policy has modified and revised (in whole or in part) the following corporate policies and policy memos:

- (1) January 2, 1997 memorandum from Rachel Seifert to Hospital CEOs and CFOs, et. al. with attached e-mail dated January 8, 1997;
- (2) June 12, 1996 memorandum from Stephen T. Braun to Richard L. Scott, et. al.; and
- (3) February 21, 1996 memorandum from David T. Vandewater and Stephen T. Braun to All Hospital and Surgery Center CFOs, et. al..