**PURPOSE:**

To document discounts provided by VUMC to uninsured and insured patients.

**SCOPE:**

This policy is applicable to patients receiving services at Vanderbilt University Medical Center (VUMC) including the following VUMC Divisions:

- Vanderbilt University Hospital (VUH)
- Monroe Carell Junior Children’s Hospital at Vanderbilt (MCJCH)
- Vanderbilt Psychiatric Hospital (VPH)
- Vanderbilt Health Services Entities (VHS):
  - Including:
    - Vanderbilt Home Care Services LLC
    - Cool Springs Surgery Center, LLC
    - New Light Imaging, LLC
      - Vanderbilt Imaging Services, LLC
      - Cool Springs Imaging, LLC
      - Belle Meade Imaging, LLC
      - One Hundred Oaks Imaging, LLC
      - Spring Hill Imaging, LLC
- Vanderbilt Integrated Providers (VIP)
  - Including:
    - VIP Mid-South, LLC
    - Hopkinsville Pediatric Association (HPA)
- Vanderbilt Maury Radiation Oncology, LLC
- Vanderbilt Health and Williamson Medical Center Clinics and Services, LLC
- Gateway Vanderbilt Cancer Treatment Center, GP
- School of Medicine Physicians practicing as the Vanderbilt Medical Group (VMG)
- School of Nursing (SON) Clinical Practitioners

**DEFINITIONS:**

**Amounts Generally Billed (AGB):** The amount generally billed to a VUMC patient who has insurance coverage as defined in IRS Section 501(r)(5).

**Appropriate VUMC Representative:** Those individuals serving in those positions identified in the Approval Requirements section below and relating to the corresponding Discount set forth below.

**Contracted Payer:** Third party payers, including health plans, self-insured employers, and indemnity plans, which have entered into a written managed care or pricing agreement with VUMC with respect to the health care services in question. Contracted Payers include managed care agreements with Medicare Advantage Plans and/or contracts with any other Governmental Payers.
**Policy Description:** Patient Discount Policy

**Applicability:** VUMC Finance, VUMC Revenue Cycle

**Approved By:** Finance and Revenue Cycle Policy Committee

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**Eligible Health Care Services:** Services which are emergent and other medically necessary care. Eligible Health Care Services exclude:

- Services disallowed through payer utilization reviews or denials
- Cosmetic services or elective services that are not medically necessary
- Services not reimbursed (i.e. contractual allowances or write-offs) by third party payers
- Services for which reimbursement from government programs for the uninsured do not cover VUMC’s cost to provide
- Services with write-offs of patient balances with no indication that the patient is unable to pay
- Experimental Services
- Transplant Services

**Financial Assistance or Financial Assistance Discounts:** Discounts or elimination of payment for health care services provided to eligible patients with documented and verified financial need.

- Financial Assistance: Discounts or write offs of medical bills based on income standards
- Catastrophic Financial Assistance: Discounts or write offs of medical bills based on family medical debt; patients are often referred to as medically indigent

**Financial Counseling:** Information and assistance provided to patients regarding their out-of-pocket liability including those patients without sufficient insurance coverage, or who are unable to pay their estimated/actual liability prior to the treatment, or who have large past due balances.

**International Individual:** International Individual: Any person receiving medical services who meets one of the following criteria:

- A non-U.S. citizen with non-U.S. insurance not living in the U.S. or U.S. territory for less than a continuous 12 month period.
- A non-U.S. citizen with U.S. insurance not living in the U.S. or U.S. territory
- A non-U.S. citizen with no insurance not living in the U.S. or U.S. territory.
- A U.S. citizen with non-U.S. insurance living in the U.S. or U.S. territory for a period greater than 12 months
- A U.S. citizen with U.S. insurance not living in the U.S. or U.S. territory for a 12 month period.
- Embassy sponsored patients

**Letter of Agreement (LOA):** The written agreement stipulating the financial terms and conditions for providing healthcare services to a patient.

**Look-Back Method:** The methodology specified by IRS Codes Section 501(r) and selected by VUMC to determine AGB which uses past payments from Medicare or a combination of Medicare and commercial insurer payments.

**Non-Contracted Payer:** Third party payers, including health plans, self-insured employers, or indemnity plans, which have not entered into a formal managed care or pricing agreement with VUMC.

**Non-Covered Services:** Service not covered by insurance provided to individuals with contracted payer coverage.

**Private Pay:** Patient identified as having no insurance coverage or opting out of their insurance coverage for specific services/events.

**Underinsured:** Insured patients who receive Eligible Health Care Services that are determined to be non-covered services or have limited benefit coverage by the insurance provider.
Uninsured Discount: A discount on charges for medical services for patients identified as having no insurance coverage. The Uninsured Discount is determined annually based upon the Look-Back Method by determining the average discount provided by VUMC hospitals to Medicare and all other private insurers.

U.S. Insurance Plan: Insurance plan underwritten by a U.S. based insurance company and liable for the payment of the health care service provided to a patient. Registered and in good standing with the Insurance Commissioner’s office of the state in which they are based.

POLICY:

VUMC is committed to providing a fair discount to individuals who are uninsured, or, in some cases, insured but without insurance coverage for services offered by VUMC, but who may not be eligible for Financial Assistance set forth in the RC 1.0 – Financial Assistance Policy. Patients are informed of VUMC’s Financial Assistance Policy primarily through the VUMC website, Financial Counselors, Patient Financial Services Customer Service and brochures distributed in VUMC clinic and hospital locations and specifically provided to patients prior to discharge as part of an inpatient admission. The website information is listed on all billing statements with a link to a plain language summary of this policy. For patients without internet access, this policy is available as disclosed via a phone call to VUMC Patient Financial Services. These communications are available in English, Arabic, and Spanish.

Discount requests will be evaluated on their individual merits. Consideration will be given to factors including but not limited to, patient insurance status, cost of health care services requested, payer relationships with VUMC, patient liability amount, and/or the time in which the Payer or individual can adjudicate and/or pay claims.

Discounts for Services Provided to Uninsured Individuals

All Uninsured Patients will be provided an Uninsured Discount prior to the first billing statement. This Uninsured Discount is given without consideration, if the patient qualifies for Financial Assistance. This Uninsured Discount may be ultimately classified as a Financial Assistance Discount if the patient meets the qualifications described in the Financial Assistance Policy RC 1.0. In accordance with the Tennessee regulations, uninsured patients are not to pay for services in an amount that exceeds one hundred seventy-five percent (175%) of the cost for the services provided (calculated using the cost to charge ratio in the most recent joint annual report).

VUMC staff shall be responsible for verifying Uninsured Discount eligibility, working with the patient to determine ability to pay, and connecting the patient with the appropriate resources that will ensure timely care and facilitate the liability evaluation and resolution process for the patient. Uninsured Discounts shall be applied prior to billing the patient.

Only Eligible Health Care Services will be considered for an uninsured discount.
Policy Description: Patient Discount Policy
Applicability: VUMC Finance, VUMC Revenue Cycle
Approved By: Finance and Revenue Cycle Policy Committee
Policy Number: RC 3.0
Effective Date: 01/01/2015
Approval Date: 04/06/2015
Revised Date: 04/27/2016

Only in unusual circumstance will the Discount amount be in excess of the percentages outlined in this policy be approved. As such, these Discounts require formal approval of appropriate VUMC representatives and a documented LOA.

Discounts for Non-Covered Services

A discount from billed charges, consistent with that for Uninsured Individuals, will be offered to patients, when requested by the patient, with Contracted Payer coverage for all services which are adjudicated by the payer in a fashion that does not allow the patient to benefit from a contractual adjustment based on the contract with the payer. Specifically, this includes services denied for maximum benefits, medically necessary non-covered services, and non-authorized services that can be billed to the patient.

Discounts for Services Provided to Non-Contracted Payers

Discounts provided to Non-Contracted Payers will be negotiated by the Associate Vice President for VUMC Managed Care or their designee on a case-by-case basis prior to services being rendered to the patient. The office of the Associate Vice President for VUMC Managed Care will coordinate any necessary LOA. The Discount amount will only be offered to Non-Contracted Payers who will honor the patient’s in-network level of benefits. The Non-Contracted Payers Discount will be documented with an LOA.

Discounts for Services Provided to International Individuals

International Individuals enrolled in non-U.S. Insurance Plans (regardless of whether or not they are accessing a Contracted Payer or Non-Contracted Payers network) and/or have no insurance are expected to deposit/pay 100% of gross estimated charges for services provided by VUMC prior to services being scheduled/rendered. A discount will be documented with an LOA for estimated balances in excess of $5,000 and will be applied after discharge. The discount is not to exceed 30% of billed charges.

International Individuals who are embassy sponsored patients will be negotiated on a case-by-case basis by the Associate Vice President for VUMC Managed Care or his/her designee prior to services being rendered to the patient. The discount amount will only be offered to Non-Contracted Payers who will honor the patient’s in-network level of benefits. The Non-Contracted Payers Discount will be documented with an LOA (See APPENDIX A).

International Individuals enrolled in U.S. Insurance Plans who are a Contracted Payer of VUMC will be required to follow the terms and conditions for those agreements including any discount amount.

International Individuals enrolled in U.S. Insurance Plans who are Non-Contracted Payers of VUMC will be negotiated on a case-by-case basis by the Associate Vice President for VUMC Managed Care or their designee prior to services being rendered to the patient. The discount amount will only be offered to Non-Contracted Payers who will honor the patient’s in-network level of benefits. The Non-Contracted Payers Discount will be documented with an LOA (See APPENDIX A).

International Individuals who are embassy sponsored patients will be negotiated on a case-by-case basis by the Associate Vice President for VUMC Managed Care or his/her designee prior to services being rendered. The Discount will be documented with an LOA and applied after all services have been rendered. The Managed Care Office will coordinate with the embassy on getting the LOA signed and getting a letter of guarantee from
**Policy Description:** Patient Discount Policy  
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**Revised Date** 04/27/2016

An embassy will NOT be required to make a deposit for an embassy sponsored patient UNLESS the embassy has previously failed to comply with an LOA. Such embassies will be required to pay any balances from previous embassy sponsored International Individuals AND pay 100% of gross estimated charges in advance for any future embassy sponsored International Individuals prior to the first patient visit.

Discounts up to 40% can be approved at the discretion of the AVC/CFO. Any other exceptions to this policy require the approval of the Deputy Vice Chancellor of Health for VUMC.

**Discounts for Services Provided to Out-of-state Medicaid Individuals**

Discounts provided to out-of-state Medicaid Individuals will only be negotiated prior to the rendering of authorized services. For transplant services, Discounts can be explicitly negotiated for out-of-state Medicaid Individuals by the Associate Vice President for VUMC Managed Care or their designee. The office of the Associate Vice President for VUMC Managed Care will coordinate any necessary enrollment with the Vice President of Revenue Cycle or designee. Out-of-state Medicaid Individuals’ discounts for transplant services will be documented with an LOA. For planned non-transplant, experimental, cosmetic services, or other non-transplant services not covered by out-of-state Medicaid, discounts require formal approval of appropriate representatives and a documented LOA prepared by the Director of Revenue Cycle, Vice President of Revenue Cycle, or their designee.

In some instances, out-of-state Medicaid regulatory statutes dictate what the respective state will pay to out-of-network providers. If VUMC agrees to the respective state’s statutes, an LOA will be drafted by the office of the Vice President for VUMC Managed Care or their designee, citing the applicable statute(s) and including the VUMC payment stipulation for transplant services. The office of the Vice President for VUMC Managed Care will coordinate any necessary LOA with the Vice President of Revenue Cycle or their designee. For Planned non-transplant, experimental, cosmetic services, or other non-transplant services not covered by Out-of-state Medicaid, an LOA will be prepared by the Director of Revenue Cycle, Vice President of Revenue Cycle, or their designee, and formal approval of the appropriate representative will be obtained. If VUMC does not agree to the respective state’s statute, VUMC will not proceed with rendering the requested service.

**Small Balance Discounts**

No formal approval is needed for small balance discounts for accounts with outstanding patient balances up to $24.99 for Technical Services and $15 for physicians’ services.

**Letter of Agreement (LOA) Stipulations**

The following language shall be incorporated into the LOA:

- List of Vanderbilt entities included
- Limitation of the payer’s ability to audit
- The payment timeframe and denial of discount if payment is not made within stated timeframe
Policy Description: Patient Discount Policy

Applicability: VUMC Finance, VUMC Revenue Cycle

Approved By: Finance and Revenue Cycle Policy Committee

Policy Number: RC 3.0
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- Payer’s claims address, claims contact person, and claims contact person’s phone number
- VUMC payment address
- Stipulation that the discounts proposed by VUMC do not represent any future financial commitment with the Payer
- Condition that the patient must be eligible for benefits, plan coverage must be in force, and the Payer must be the primary Payer for the duration of the LOA
- Confidentiality language
- Arrangements for embassy sponsored patients to be interim billed every thirty (30) days and payment received within 15 days of the Payer’s receipt of the interim bill or the Discount is forfeited (any agreed upon discount reverts to full (100%) billed charges).

Summary of Discount Approval Levels

<table>
<thead>
<tr>
<th>Type</th>
<th>Discount Amount</th>
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</thead>
<tbody>
<tr>
<td>Uninsured Individuals</td>
<td>64%</td>
</tr>
<tr>
<td>Services not covered by Insurance provided to Individuals with Contracted Payer Coverage</td>
<td>Not to exceed 64%</td>
</tr>
<tr>
<td>Non-Contracted Payers</td>
<td>Not to exceed 30 %</td>
</tr>
<tr>
<td>International Individuals (includes Embassy Sponsored)</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>40% with CFO approval</td>
</tr>
</tbody>
</table>

Only in unusual circumstances will Discount amounts in excess of the percentages outlined in this policy be approved. A Discount request of this type requires formal approval of the AVC/CFO and a documented LOA.

Contact Information
Questions regarding the interpretation of this policy should be directed to:

Email: financepolicy@vanderbilt.edu

REFERENCES:
RC 1.0 – Financial Assistance Policy

EXHIBITS:
APPENDIX A: Letter of Agreement for International Patients
Policy Description: Patient Discount Policy
Applicability: VUMC Finance, VUMC Revenue Cycle
Approved By: Finance and Revenue Cycle Policy Committee

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APPROVAL:

<table>
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<tr>
<th>Committee/Title</th>
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<th>Date</th>
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</table>
| VUMC Finance and Revenue Cycle Policy Committee | Cecelia Moore, Chief Financial Officer and Treasurer  
Dr. David Raiford, Associate Vice Chancellor for Health Affairs, VUMC | 4/6/2015 |
APPENDIX A: Letter of Agreement for International Patients

Date

Mr/Ms

Dear Mr/Ms:

I am writing in reference to the care to be rendered to ____________________________ (Patient) with/by ____________________________ (“Clinician”) related to ____________________________ (“Procedure”). The purpose of this Letter of Agreement (“LOA”) is to outline the deposit requirements between you, ____________________________ (“Guarantor”), and Vanderbilt University, by and through its agent, Vanderbilt University Medical Center (referred to as “Provider”) for the health care services that will be rendered to the Patient.

The Provider requires funds to be on deposit before scheduling the first patient visit. The funds required for deposit are based on an estimate of charges and includes only services provided by the Provider. The stated amount is an estimate only and may be more or less depending on the scope of services needed during the course of treatment. This deposit does not include meals, lodging, travel, or other expenses not expressly stated in this LOA. A breakdown of this estimate is as follows:

Services Included: ____________________________ Coverage: Self-Pay International

- Services Included: ____________________________
  - VUMC Facility Services - $ xxx,xxx
  - Professional Services - $ xxx,xxx
  - TOTAL SERVICES $ xxx,xxx

Funds Required in Advance: $xxx,xxx

Please wire required funds of $xxx,xxx (US Dollars) to:

Bank Name: The Bank of NY Mellon
Address: 500 Ross Street
          Pittsburgh, PA 15262
Phone: 412-234-0003
Bank Account Name: Vanderbilt University Medical Center
**Policy Description:** Patient Discount Policy  
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ABA Routing #: 043-000-261  
Bank Account Number: 0005979  
Swift Code: MELNUS3P  
Fed Tax ID: 620-47-6822

In exchange for agreement to provide prompt payment, Provider will grant a thirty percent (30%) discount off of total facility and professional charges for the services provided. This discount will apply after all hospital and professional services are provided by Provider. The discounts do not apply to any pharmacy services provided by a Vanderbilt retail pharmacy.

This discount proposal is contingent upon you, the Guarantor, accepting the following conditions:

1. No audit of the services provided to Patient will be conducted, however, Guarantor reserves the right to review all VUMC billings to (a) determine accuracy, (b) ensure compliance with standard medical coding practices.
2. If the deposit is greater than the amount due by the Guarantor, Provider will refund that amount to the Guarantor within ninety (90) days from the final service date and will send a check to the Guarantor at the address indicated above.
3. If the deposit is exhausted and service is ongoing an additional deposit will be paid to the Provider upon request.
4. If amount due is greater than the deposit, the Guarantor will pay Provider (net of any deposit) for services provided to the Patient within thirty (30) business days of receipt of a claim. All payments due Provider will be wired to the address above.
5. This proposed pricing applies only to the identified services in this letter and does not apply to any negotiations between Provider and Guarantor, with respect to other medical services.
6. Guarantor agrees to deposit funds prior to scheduling the first patient visit or the discount will be denied.
7. Embassy sponsored patients will be interim billed every thirty (30) days and payment must be received within 15 days of the Payer receipt of the interim bill or any agreed upon discount reverts to full (100%) billed charges.
8. Patient must be eligible for benefits, plan coverage must be in force, and the Payer must be the primary Payer for the durations of the LOA.
9. Guarantor agrees that the contents of this LOA will be maintained in the strictest confidence and not disclosed to third parties without the written approval of the Provider.

If you find this letter acceptable, please sign below and fax to Vanderbilt University Medical Center Office of Managed Care at (615) 936-5116. Receipt of the signed, faxed document at that number will establish the agreement of Provider and you to the terms set forth herein; however, we request that you also forward a signed, original version of this letter to the following address: VUMC Office of Managed Care, 3319 West End Ave, Suite 420, Nashville, TN 37203.

Please contact VUMC Office of Managed Care at (615) 936-6030 if you need additional clarification.
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Applicability: VUMC Finance, VUMC Revenue Cycle
Approved By: Finance and Revenue Cycle Policy Committee

Policy Number: RC 3.0
Effective Date: 01/01/2015
Approval Date: 04/06/2015
Revised Date: 04/27/2016

Sincerely,

__________________________________________________________________________
Sheri C. Haun, MBA
Associate VP, Managed Care
Vanderbilt University Medical Center

AGREED:

__________________________________________________________________________
Guarantor Signature
Date

__________________________________________________________________________
Print Name of Guarantor

cc: Cecelia Moore
    Mark Hubbard
    Bryon Pickard