



Illinois Hospital Association

October 23, 2008 *updated*

MEMORANDUM

TO: Chief Executive Officers
Chief Financial Officers

FROM: Sandy Kraiss, Senior Director, Finance
Kathleen Pankau, Staff Counsel

SUBJECT: Hospital Uninsured Patient Discount Act

The Hospital Uninsured Patient Discount Act, Public Act 95-0965, became law September 23, 2008 when the General Assembly unanimously overrode the Governor's amendatory veto of Senate Bill 2380. The provisions applying to hospitals begin April 1, 2009.

The Act requires all hospitals to provide discounts to uninsured patients meeting certain eligibility criteria. The discounts must result in bills of no more than 135% of cost. There is also a maximum collectible amount of 25% of annual family income for those who meet the eligibility criteria and do not have significant assets.

The text of the law can be seen at:

<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=095-0965&GA=095>

The major provisions of the Act are as follows:

Uninsured Patient: A hospital patient without *any* health insurance or coverage. Patients with high deductible health plans are not eligible.

Residency: Must be an Illinois resident. Relocation to Illinois for the sole purpose of receiving health care benefits does not satisfy residency.

Eligibility: Must have family income that is no more than 600% FPL in urban areas or 300% FPL at Critical Access Hospitals or in rural areas (defined as outside an MSA).

For a family of four, 600% FPL is \$127,200; 300% FPL is \$63,600.

Income is defined as a family's annual earnings and cash benefits from all sources before taxes (including distributions and payments from pensions or retirement plans) less payments made for child support.

- Discount: Charges discounted to 135% of cost. Determined by applying ratio of cost to charges (RCC) from most recently filed Medicare cost report to uninsured patient's bill. Actual formula for discount is $[1 - (\text{RCC} \times 1.35)] \times \text{charges}$.
- Hospitals must annually file a copy of Worksheet C Part I of their Medicare Cost Report with the Attorney General. The first filing is due by February 20, 2009.
- Applicable only to charges exceeding \$300 in any one inpatient admission or outpatient encounter.
- Maximum Amount: Maximum amount collected in a 12-month period from an eligible patient is 25% of family's annual gross income. Time period begins as of the first date of service determined to be eligible for discount. For any subsequent services to be included in the maximum, the patient must inform the hospital that he/she had received prior services from that hospital which were determined to be eligible for discount.
- Assets: A hospital may exclude a patient from the 25% maximum collectible amount who has substantial assets (defined as a value in excess of 600% FPL in urban areas/300% FPL at CAH and rural areas). Certain assets are not considered: primary residence, personal property exempt from collections under Section 5/12-1001 of the Illinois Code of Civil Procedure (*see* Appendix A), and any amounts held in a pension or retirement plan.
- Services: Applies to medically necessary health care services that would be covered under Medicare for beneficiaries with the same clinical presentation as the uninsured patient. The Act does not apply to elective cosmetic surgery or non-medical services such as social and vocational services.
- Notice: There must be a statement regarding the availability of and how to apply for the uninsured discount included on or with each hospital bill, invoice or summary of charges.
- Patient Patients may be required to apply for Medicare, Medicaid, AllKids,

Responsibilities: SCHIP, or other public program if there is reason to believe they would qualify.

Patient may apply for the discount within 60 days of service.

Patient must provide third-party verification of income, information regarding assets and documentation of residency within 30 days of request.

Protections: This law cannot be used by public or private insurers to reduce hospital payment rates.

This law will not require a hospital to provide any particular service to an uninsured patient.

This law will not reduce any obligations under the Fair Patient Billing Act.

Enforcement: This section is the same as the enforcement section contained in the Fair Patient Billing Act.

Timeframe: Hospitals must implement the provisions of this legislation the first day of the month after 180 days of it becoming law (April 1, 2009).

A memo including frequently asked questions with responses about this legislation that should be considered when preparing for implementation of these new requirements can be accessed on the IHA web site ([click here](#)).

IHA will hold a webinar on October 29 to assist members in preparing for the implementation process. Further information regarding this webinar will be sent out shortly.

Should you have any questions, please contact Sandy Kraiss at 630-276-5522 or skraiss@ihastaff.org of Kathleen Pankau at 630-276-5598 or kpankau@ihastaff.org.

APPENDIX A

HOSPITAL UNINSURED PATIENT DISCOUNT ACT

Under Section 10 of the Hospital Uninsured Patient Discount Act, certain personal property is exempt from the determination of assets owned by an eligible uninsured patient as it relates to the maximum collectible amount in a 12 month period (25% of annual income.) Those assets are listed in the Code of Civil Procedure, 735 ILCS 5/12-1001, with reference to a “debtor’s” assets. They include the following:

- (a) The necessary wearing apparel, bible, school books, and family pictures of the debtor and the debtor's dependents;
- (b) The debtor's equity interest, not to exceed \$4,000 in value, in any other property;
- (c) The debtor's interest, not to exceed \$2,400 in value, in any one motor vehicle;
- (d) The debtor's equity interest, not to exceed \$1,500 in value, in any implements, professional books, or tools of the trade of the debtor;
- (e) Professionally prescribed health aids for the debtor or a dependent of the debtor;
- (f) All proceeds payable because of the death of the insured and the aggregate net cash value of any or all life insurance and endowment policies and annuity contracts payable to a wife or husband of the insured, or to a child, parent, or other person dependent upon the insured, whether the power to change the beneficiary is reserved to the insured or not and whether the insured or the insured's estate is a contingent beneficiary or not;
- (g) The debtor's right to receive:
 - (1) a social security benefit, unemployment compensation, or public assistance benefit;
 - (2) a veteran's benefit;
 - (3) a disability, illness, or unemployment benefit; and
 - (4) alimony, support, or separate maintenance, to the extent reasonably necessary for the support of the debtor and any dependent of the debtor.
- (h) The debtor's right to receive, or property that is traceable to:
 - (1) an award under a crime victim's reparation law;

(2) a payment on account of the wrongful death of an individual of whom the debtor was a dependent, to the extent reasonably necessary for the support of the debtor;

(3) a payment under a life insurance contract that insured the life of an individual of whom the debtor was a dependent, to the extent reasonably necessary for the support of the debtor or a dependent of the debtor;

(4) a payment, not to exceed \$15,000 in value, on account of personal bodily injury of the debtor or an individual of whom the debtor was a dependent; and

(5) any restitution payments made to persons pursuant to the federal Civil Liberties Act of 1988 and the Aleutian and Pribilof Island Restitution Act,

For purposes of this subsection (h), a debtor's right to receive an award or payment shall be exempt for a maximum of 2 years after the debtor's right to receive the award or payment accrues; property traceable to an award or payment shall be exempt for a maximum of 5 years after the award or payment accrues; and an award or payment and property traceable to an award or payment shall be exempt only to the extent of the amount of the award or payment, without interest or appreciation from the date of the award or payment.

(i) The debtor's right to receive an award under Part 20 of Article II of this Code relating to crime victims' awards.

(j) Moneys held in an account invested in the Illinois College Savings Pool of which the debtor is a participant or donor, except the following non-exempt contributions:

(1) any contribution to such account by the debtor as participant or donor that is made with the actual intent to hinder, delay, or defraud any creditor of the debtor;

(2) any contributions to such account by the debtor as participant during the 365 day period prior to the date of filing of the debtor's petition for bankruptcy that, in the aggregate during such period, exceed the amount of the annual gift tax exclusion under Section 2503(b) of the Internal Revenue code of 1986, as amended, in effect at the time of contribution; or

(3) any contributions to such account by the debtor as participant during the period commencing 730 days prior to and ending 366 days prior to the date of filing of the debtor's petition for bankruptcy that, in the aggregate during such period, exceed the amount of the annual gift tax exclusion under Section 2503(b) of the Internal Revenue code of 1986, as amended, in effect at the time of contribution.

For purposes of this subsection (j), "account" includes all accounts for a particular designated beneficiary, of which the debtor is a participant or donor.

Money due the debtor from the sale of any personal property that was exempt from judgment, attachment, or distress for rent at the time of the sale is exempt from attachment and garnishment to the same extent that the property would be exempt had the same not been sold by the debtor.

If a debtor owns property exempt under this Section and he or she purchased that property with the intent of converting nonexempt property into exempt property or in fraud of his or her creditors, that property shall not be exempt from judgment, attachment, or distress for rent. Property acquired within 6 months of the filing of the petition for bankruptcy shall be presumed to have been acquired in contemplation of bankruptcy.

The personal property exemptions set forth in this Section shall apply only to individuals and only to personal property that is used for personal rather than business purposes. The personal property exemptions set forth in this Section shall not apply to or be allowed against any money, salary, or wages due or to become due to the debtor that are required to be withheld in a wage deduction proceeding under Part 8 of this Article XII.