 08-24-22 Standard Precautions	TITLE		POLICY NO.
	Financial Assistance		B9045.01
	ORIGINATING DEPARTMENT	REPLACES PREVIOUS POLICY #	EFFECTIVE DATE
	Patient Financial Services		November 16, 2022
YES		NO	

NEW	REVISED	X	REVIEWED ONLY – NO CHANGES (ENTER DATE REVIEWED BY DEPT.)				
UPLOAD INTO EHR	YES	NO	REVIEW CYCLE "X"	ANNUAL	2 YEAR	3 YEAR	X
REQUIRED POLICY	YES	NO					

Responsible Party & Ext. (Contact Person for policy content) Loretta Hester Ext. 7074	Attachments List attachments below including number and name assigned to each document.
APPLICABLE STANDARDS *** (Required Information)	
Joint Commission (JC) List Chapter, Standard & EP	N/A
National Pt. Safety Goals List Goal No. & Suffix	N/A
CMS	
OTHER:	

APPROVAL DATES: (IF APPLICABLE - place date approved below before sending to Policies)				
P&P Committee	Infection Prevention	Med. Exec.	P & T	Critical Care
EEC	PCS Leadership Council	Education	Other:	

~ EDUCATION REQUIRED ~ Contact the Education Department to determine if either is required. If yes, Director of Education must approve policy and their approval date must appear above

SKILL VALIDATION REQUIRED	YES	X	NO	Place an "X" in both boxes to prevent policy processing delay
DIDACTIC/EDUCATION REQUIRED	YES	X	NO	

APPROVAL TEAM MEMBERS		
Place an "X" in the box next to the Administrators applicable and add name of applicable Directors		
X	David Briele Director, Patient Financial Services	Add Name & Title Additional Applicable Leadership
	(Add name & title) Department Medical Director	Add Name & Title Additional Applicable Leadership
	Lawrence D. Ward, MD, MPH, FACP Vice President of Physician Services and Clinical Integration for Bayhealth Medical Group	Randi Nichols, MBA< MSHR, CPC, MP Interim Vice President, Human Resources
	John Fink, MD Vice President, Quality & Medical Affairs	Rosemary Wurster, DNP RN, MPH, NEA-BC Senior Vice President and Chief Nurse Executive
	Laurie McGovern, MS, CHC, CPCO, CHPC Vice President, Chief Compliance Officer	Jonathan Kaufmann, DO Vice President, Chief Medical Information Officer
	Dina Perry, MBA Vice President, Physician Services	Gary Siegelman, MD, MSc, CPE Senior Vice President and Chief Medical Officer
	Brian Dolan Vice President, Resource Management	X Michael J. Tretina, CPA, MBA, FHFMA, FACHE, Senior Vice President/Chief Financial Officer
	Mary Finn, CPA, MBA Vice President, Finance	Rick Mohnk, MSA, MT (ASCP) Vice President, Chief Information Officer
		Michael Ashton, FACHE Vice President of Operations/Administrator, BH Sussex Campus
	Mike Metzger, Vice President, Corporate Support Services	Deborah Watson, FACHE, FACMPE Senior Vice President/Chief Operating Officer
		X Terry Murphy, FACHE President and Chief Executive Officer

Policies become effective upon completion of electronic approval route for designated Approval Team Members

New:

Revised: Purpose Statement, 1.1, 1.2, 1.4, 1.7, 4.1, 4.3.2, 4.5.1.3, 4.9, 4.15.1, 4.15.2.3.1, 4.15.3.3, 4.18.1.5.1. Appendix B

Purpose Statement:

Admission and treatment are provided to all patients equitably, with dignity, respect and compassion. The Financial Assistance Program (FAP) was established to provide financial relief to those who are unable to meet their obligation to Bayhealth Medical Center (Bayhealth), regardless of age, gender, race, national origin, or immigration status, sexual orientation or religious affiliation. Persons approved for financial assistance or other assistance programs receive the same level of care as any other patients.

Patients are expected to cooperate with the financial assistance counseling process and fulfill their financial commitments to the Bayhealth.

Bayhealth Medical Center, Inc. is committed to providing Health Care Services to patients in the Kent and Sussex counties and surrounding areas regardless of their ability to pay.

1. Definitions:

1.1 **Bayhealth Medical Center, Inc.** entities affected by this policy:

- 1.1.1 Kent and Sussex Hospitals,
- 1.1.2 Bayhealth Medical Group,
- 1.1.3 Bayhealth Emergency Physicians
- 1.1.4 Bayhealth Observation Physicians
- 1.1.5 Bayhealth Hematology Oncology Associates
- 1.1.6 Bayhealth Radiation Oncology Associates
- 1.1.7 Bayhealth Cardiovascular Surgery Associates
- 1.1.8 Bayhealth Cardiology Associates
- 1.1.9 Bayhealth Neurosurgery Associates
- 1.1.10 Bayhealth Neurology Associates
- 1.1.11 Bayhealth Pathology Associates
- 1.1.12 Bayhealth Family Medicine
- 1.1.13 Bayhealth Internal Medicine
- 1.1.14 Bayhealth Sleep Care Centers

1.2 **Contracted Provider Group:** Non-employed providers who provide services as part of an episode of care whose services are billed independently of Bayhealth. Contracted provider groups include and are not limited to the following:

- 1.2.1 Apogee Physicians
 - 1.2.2 Bay Anesthesia
 - 1.2.3 Christiana Neonatal Associates
 - 1.2.4 Christiana Pediatric Hospitalists
 - 1.2.5 Kent Diagnostic Radiology Associates
 - 1.2.6 OB Hospitalist Group
 - 1.3 **Financial Assistance:** Healthcare services that have been or will be provided but are never expected to result in cash flows. Financial Assistance results from a provider's policy to provide healthcare services free to individuals who meet the established criteria. Financial assistance may be available for both the uninsured and underinsured and may be approved as either full or premium payments.
 - 1.4 **Uninsured:** The patient has no level of insurance or third-party assistance or has lost their insurance due to a life changing event such a loss of job or some other circumstance that has caused an interruption to assist with meeting his/her payment obligations.
 - 1.5 **Underinsured:** The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.
 - 1.6 **Individual or Household Income:** Sum of money that includes wage, salary, profit, interest payment, retirement distributions, rent or other forms of earnings received in a given time period.
 - 1.7 **Inquiry Date:** The inquiry date is specific for presumptive charity and is the Admit for uninsured patients and the self pay cycle start date for insured patients.
 - 1.8 **Family Size:** The total number of persons related by blood, marriage or adoption that live together.
 - 1.9 **Dependent:** Internal Revenue Service rules state if the patient claims someone as a dependent on their tax return, they may be considered a dependent for purposes of financial assistance.
 - 1.10 **Premium Payment and COBRA Assistance:** This occurs when an established patient experiences an interruption of insurance due to their inability to pay their insurance premiums.
 - 1.11 **Non-Elective Medically Necessary Services:** A term used to describe the supplies and services provided to diagnose and treat a medical condition in accordance with the standards of good medical practice.
2. Areas Involved:
- 2.1 Hospital Administration
 - 2.2 Patient Financial Services
 - 2.3 Financial Counseling

- 2.4 Admissions
- 2.5 Finance
- 3. Forms:
 - 3.1 None
- 4. Procedure:

4.1 Eligible Services: Financial Assistance applies to (1) emergency medical services provided in an emergency room setting; (2) non-elective medically necessary services to patients that meet the financial criteria set by the Medical Center using the Federal Poverty Income Guidelines.

Effective 7/1/2022 Bayhealth's Financial Assistance program provides a 100% discount (full coverage) for those with incomes at or below 300% of the current Federal Poverty Levels (FPL) and a 50% discount for those with incomes between 301% - 350% of the FPL with the establishment of a payment plan. Prior to 7/1/2022, determinations were based on the income threshold being at or below 250%.

The uncompensated care schedule will change whenever the Federal Poverty Income Guidelines are changed which is normally annually. If services are not emergency related, but medically necessary, the Medical Center can seek input from the Physician and/or Utilization Management Director in determining the urgency of the services rendered.

Financial Assistance approvals through the application process are effective one year from the application approval. Patients need to reapply after the one-year period. Presumptive Financial Assistance approvals are effective for 90 days from determination date.

Contracted providers may or may not honor Bayhealth Medical Center's financial assistance determination. Patients should address any payment questions or concerns directly with the private physician entity.

4.2 Emergency Services: Emergency services are defined within the meaning of Section 1867 of the Social Security Act (42 U.S.C. 1395dd); will be provided to all patients regardless of their ability to pay. Bayhealth's Emergency Medical Treatment and Active Labor Act (EMTALA) policy, B9000.67 contains further information on emergency services.

4.3 Basis for Calculating Amounts Charged to FAP Eligible Patients

4.3.1 All patients are charged the same based on fees established in the charge master (catalog of procedures and associated fees). Discounts are applied to the set charges to determine final patient responsibility. The Amounts Generally Billed (AGB) are calculated using the look-back methodology and ranges between 46%-50%.

4.3.2 Patients determined fully eligible for Financial Assistance will have balances written off at 100% of charges and those determined partially eligible will have balances written off at 50% of charges. As a result, no FAP eligible patient will be charged more than amounts generally billed.

4.3.2.1 Financial assistance discussions initiated and approved by a patient after the patient has made payments will be applied to current outstanding and future balances based on changes to the patient's financial situation/hardship. See section 4.4.4 regarding subsequent applications.

4.4 Eligibility for Financial Assistance:

Financial Assistance will be provided for those patients who are uninsured, or who are otherwise unable to pay for care based upon a determination of financial need in accordance with this policy. The approval of Financial Assistance shall be based upon an individualized determination of financial need. Prior to applying for financial assistance patients are required to exhaust all other insurances for which they are eligible including private insurance and Medicaid plans. Patients eligible for Medicaid must apply for Medicaid or show a denial of coverage upon submission of a complete application.

4.4.1 Financial Assistance Eligibility Determinations

4.4.1.1 Eligibility for Financial Assistance will be determined in accordance with procedures that involve an individual assessment of financial need. These procedures include:

4.4.1.1.1 An application process whereby the patient or patient's guarantor provides personal, financial and other information and documentation relevant to making a determination of financial need;

4.4.1.1.2 The use of external publicly available data sources that provide information on a patient's or patient's guarantor's ability to pay;

4.4.1.1.3 An accounting of the patient's available income, and other financial resources available to the patient, considering liquid and non-liquid assets.

4.4.1.1.3.1 The following will be excluded from a calculation of the applicant's net worth:

4.4.1.1.3.1.1 One essential automobile for a single applicant and

two essential automobiles
for a married couple;

4.4.1.1.3.1.2 The value of the primary
residence;

4.4.1.1.3.1.3 Property owned in
conjunction with a
business for which a family
is fully dependent upon for
income as long as the
financial income from the
business is included in
determining if a patient or
dependent meets the debt
forgiveness guidelines.

4.4.1.1.4 Financial Assistance approvals qualify the
patient for a 100% discount on patient
responsibility balances.

4.4.2 Financial Assistance Application Process

4.4.2.1 Patients may apply for Financial Assistance by
completing an application form. The form is
available for download at www.bayhealth.org and
may also be requested by calling our Billing
Support office 877-744-7081. Instructions for
completion and submission of the application form
are on the form itself. A referral of patients for
Financial Assistance may be made by any
Bayhealth staff or medical staff member. A
request for Financial Assistance may be made by
the patient, family member, close friend, or
associate of the patient, subject to applicable
privacy laws.

4.4.2.1.1 Patients may apply for Financial Assistance
up to 240 days from the first statement date
from the date the billed care was provided.

4.4.2.2 Patients are prescreened prior to starting the
application process and may be deemed ineligible
if the patient is eligible for Medicaid or other third-
party reimbursement or if he/she refuses to
complete the application process.

4.4.2.3 Patients are required to complete the application
process and provide the supporting documentation
identified below within 30 days to enable the
financial need decision.

4.4.2.3.1 Proof of Income Documentation:

4.4.2.3.1.1 A copy of the most recent tax
return;

- 4.4.2.3.1.2 Copies of the most recent month's pay stubs from formal sources;
- 4.4.2.3.1.3 Written income verification from an employer if paid in cash.
- 4.4.2.3.2 Family income includes earnings unemployment compensation, Social Security, public assistance, veterans payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trust, educational assistance, alimony, child support, assistance from outside the household and other miscellaneous sources.
- 4.4.2.3.3 Family size
 - 4.4.2.3.3.1 Internal Revenue Service rules state if the patient claims someone as a dependent on their tax return, they may be considered a dependent for purposes of financial assistance.
 - 4.4.2.3.3.2 Family member visiting from abroad are not considered dependents.
- 4.4.2.3.4 Other Financial Documentation
 - 4.4.2.3.4.1 Bank statements from savings and checking accounts for the most recent three months;
 - 4.4.2.3.4.2 Additional information may be required as identified on the application based on an individual's circumstances.
- 4.4.2.4 Bayhealth Medical Center reserves the right to check the legitimacy of the information at their discretion.
- 4.4.2.5 Applications for patients who apply online through MyChart and fail to upload the supporting documentation will be denied.
- 4.4.3 Appeal Process
 - 4.4.3.1 Patients may appeal a financial assistance denial decision. To be considered for an appeal, patients must submit a written letter requesting a reconsideration with copies of all medical bills to

support their hardship. Additional documentation may be required to support the hardship appeal.

4.4.3.1.1 Appeals that result in a one time/catastrophic approval are adjusted with an adjustment code specific to the approval (effective 4/1/2021 forward).

4.4.3.1.2 Appeal determinations may or may not discount the entire balance based on the individual's financial situation.

4.4.4 Subsequent Applications

4.4.4.1 Patients may apply for financial assistance every year based on changes to their financial situation or other criteria used in making a financial assistance decision.

4.4.4.2 Patients who are approved for financial assistance upon a subsequent application, after a denial decision, will only have current outstanding and future balances considered.

4.5 Bayhealth Medical Center recognizes some patients will be unable to apply for financial assistance or otherwise be unresponsive to traditional FAP processes. In an effort to remove barriers for these patients and improve community benefits, Bayhealth will utilize an electronic screening process post discharge (prior to bad debt assignment). In some cases, electronic screening may be used at the time of scheduling to avoid a disruption in medically necessary services. The information returned via this electronic screening will constitute adequate documentation under Bayhealth's policy. Prior to the presumptive screening Medicaid eligibility is checked for patients who reside in Delaware, Maryland and Pennsylvania. Patients eligible for financial assistance through this process will not be assigned to bad debt.

4.5.1 Presumptive Financial Assistance Eligibility

4.5.1.1 Effective July 1, 2014, Bayhealth has a presumptive charity program whereby all uninsured patients will be screened for financial assistance.

4.5.1.2 Bayhealth uses an outside agency to determine estimated income amounts and ability to pay from an individual's payment history for the basis of determining Financial Assistance.

4.5.1.3 Patients/Guarantors meeting the pre-defined criteria will have their balances for that visit, and visits 90 days from the approval date forward, discounted at 100% under the Financial Assistance program. Presumptive charity for insured patients is done post insurance billing. To

capture the impacted episode of care the effective date will be back dated to the episode of care that triggered the inquiry and effective 90 days from the inquiry date. Any balances actively placed with a collection agency will be written off as charity and returned from the collection agency.

4.5.1.4 Patients not meeting the Financial Assistance presumptive criteria are eligible to apply for Financial Assistance through the application process.

4.5.2 Migrant Workers and Homeless

4.5.2.1 Migrant workers and the Homeless often cannot be contacted to complete the Financial Assistance application process and are challenging to qualify through the Presumptive Financial Assistance process. Once Bayhealth confirms the patient is a migrant worker or homeless, the account may be written off at 100% under the Financial Assistance program.

4.5.2.1.1 Documentation to confirm migrant worker status is a letter from the farm documenting the hourly wage, frequency of payment and length of employment.

- 4.6 Delaware's Adult Poverty Medicaid program does not provide retroactive coverage to individual's application date. Rather, qualified individuals are eligible from the approval date forward. Effective July 1, 2013, forward, patient balances incurred between Bayhealth's Medicaid eligibility vendor application submission date and approval date for Delaware Medicaid will be deemed as Financial Assistance program qualified upon Medicaid's approval determination.
- 4.7 Medicaid patients whose stay is no longer medically necessary, and they remain in the hospital as there is not a safe discharge may have the balance of their stay that is not medically necessary or custodial adjusted as charity if the Medicaid plan does not agree to a subacute reimbursement rate. Balances meeting this criteria will be adjusted with an adjustment code specific to this criteria (effective 4/1/2021 forward).
- 4.8 Medicaid patients whose plan limits covered benefits to emergency, labor and delivery, vaccine or transportation services will have the balance of non covered services as charity based on already meeting the Medicaid income threshold.
- 4.9 Medicaid primary coverage patients whose plan denies medically necessary services as not a covered benefit, benefits exhausted or other coverage exclusion will have the allowed amount adjusted as charity based on already meeting the Medicaid income threshold.

- 4.10 Federally Qualified Health Centers: Bayhealth does not participate in the CHAPS program but is committed to serving the Community and will honor the Federally Qualified Health Center's approval for diagnostic services only. Proof, in form of a card or letter, of the Health Center's financial assistance approval is required. Patients necessitating further services will be required to apply for Financial Assistance through Bayhealth.
- 4.10.1 Effective July 1, 2014, forward, patients receiving diagnostic services who are uninsured are screened through our presumptive charity process.
- 4.10.2 To support the decision, Federally Qualified Health Centers are required to submit a copy of their financial assistance policy, application and example redacted approvals to support their determination. Bayhealth will maintain this information on file and the Federally Qualified Health Center should provide new copies annually.
- 4.11 Premium/COBRA Assistance: Financial Assistance is available for premium payments or continuation of COBRA for established patients who are in the course of treatment. The circumstances for which a patient can qualify for this assistance is generally due to loss of employment or other significant change in their economic situation that makes premium or COBRA payments unaffordable. The same process for determining Financial Assistance will be followed as documented above.
- 4.12 Bayhealth does not grant routine waivers or reductions to patient/family financial obligations, including co-payment, co-insurance and deductible obligations. Any waiver or reduction must comply with applicable law and requires an individual determination of the situation and/or reason for the request.
- 4.13 Bayhealth does not provide discounted services or professional courtesy based on a patient's relationship to any Bayhealth physician or any other provider, or to any Officer or Director of Bayhealth or its entities. These patients are subject to the same rules that apply to all patients regarding financial responsibility for services provided by Bayhealth.
- 4.14 In limited circumstances not related to a patient's/family's ability to pay, non-routine reductions in or waivers of patient/family obligations, including co-payment, co-insurance and/or deductible obligations, may be approved by the Chief Executive Officer and President, Chief Financial Officer, a representative of the Office of General Counsel or the Bayhealth Grievance Committee. Waivers or reductions, including "insurance only billing" or cessation of collection efforts, may be appropriate in limited circumstances for risk management or other lawful administrative purposes.
- 4.15 Relationship to Collection Policies
- 4.15.1 Bayhealth entities will comply with the Bayhealth guidelines for collection agencies and attorneys and Federal and State

laws and regulation governing healthcare billing and collections. Bayhealth's collection policies take into account the extent to which the patient qualifies for Financial Assistance and a patient's good faith effort to comply with his or her payment plan agreements. For patients who qualify for Financial Assistance and those who are cooperating in good faith to pay their established payment plans prior to the payment due date, Bayhealth will not send unpaid bills to collection agencies. Patients delinquent on their payment plans will be sent to collections.

- 4.15.2 No Bayhealth entity will impose extraordinary collection actions (ECAs) such as decisions to deny or defer assistance based on a patient's outstanding accounts receivable and payment history, reporting adverse information to a consumer credit reporting agency or credit bureau, wage garnishments, estate claims, or other legal actions against any patient without first making reasonable efforts to determine whether that patient is eligible for assistance under this Financial Assistance policy.

Reasonable efforts shall include:

- 4.15.2.1 Multiple invoices to the patient, from both Bayhealth and Bayhealth's external collection agencies;
- 4.15.2.2 Attempts to contact non-responsive patients via telephone or other means of communication to inform the patient of the amount owed and discuss payment options; including eligibility for Financial Assistance;
- 4.15.2.3 Documentation that Bayhealth has or has attempted to offer the patient the opportunity to apply the Financial Assistance pursuant to this policy and that the patient has not complied with the Bayhealth application requirements;
 - 4.15.2.3.1 FAP information appears on pages 1 and 2 of every statement a patient receives.
- 4.15.2.4 Documentation that the patient does not qualify for Financial Assistance on a presumptive basis;
- 4.15.2.5 Documentation that the patient has been offered a payment plan but has not honored the terms of the plan.

4.15.3 Estimated ECA Timeframes

- 4.15.3.1 Accounts placed in collections between 120-150 days from the date of first statement.
 - 4.15.3.1.1 Exceptions to this timing may include pandemics, national disasters and other

states of emergency. In those cases, timing will be delayed to between 180 - 210 days from the date of first statement.

- 4.15.3.2 Unpaid debt with a balance greater than \$500 is reported to the credit bureau no less than 30 days post placement with the secondary collection agency.
 - 4.15.3.3 Legal action is recommended by collection agency after they have exhausted their collection efforts. Collection agencies use publicly available data from the credit bureaus to identify patients who may have a means to pay before recommending legal action. Bayhealth reviews each recommended legal action to confirm patients have not subsequently qualified for Medicaid or our Financial Assistance Program as legal action is not pursued on those patients.
- 4.16 Provider List: Bayhealth contracts with several physician groups to provide physician and/or supervisor and interpretation services within Bayhealth entities. Please see Appendix A for a list of contracted physicians/physician groups who provide service at Bayhealth.
- 4.16.1 The provider list can be obtained by calling the Billing Support office at 877-744-7081.
- 4.17 Limited English Proficiency (LEP) Translation Services
- 4.17.1 Patents with LEP may come to our office at one of the address below and Bayhealth will call the Language Line (800-481-3289) with the patient to have an interpreter assist in communication.
 - 4.17.1.1 Kent General: 640 South State Street, Dover, DE, 19901
 - 4.17.1.2 Sussex Campus: 100 Wellness Way, Milford, DE 19963
- 4.18 Communication
- 4.18.1 Policy Communication Methods:
 - 4.18.1.1 Policy is available on Bayhealth's website
 - 4.18.1.2 Patient Access refers patients to a Financial Counselor if the patient is uninsured or expresses concern over the cost of services.
 - 4.18.1.3 All clinical departments performing registration functions have the "*Guide to Bayhealth Billing*" pamphlet which provides information on the financial assistance policy and how to apply for assistance.

- 4.18.1.4 Patient statements include information on how patients can apply for and contact information for financial counselors.
- 4.18.1.5 We attempt to contact self-pay/balance after insurance patients via the telephone and certified mail as appropriate, prior to placing the account in Bad Debt. If the patient indicates they are unable to pay, we advise them of our policy and screen them for financial assistance.
 - 4.18.1.5.1 Accounts are not withheld from Bad Debt if patients do not return calls.

5. References:

5.1 None

6. Exhibits:

6.1 Attachment: Appendix A (list of physicians/physician groups)

6.2 Attachment: Appendix B Presumptive Determination Methodology

Financial Assistance Policy – Appendix B

Bayhealth recognizes some patients will be unable to apply for assistance or otherwise unresponsive to traditional FAP processes. In an effort to remove barriers for these patients and improve community benefits, the hospital utilizes an electronic screening process prior to bad debt assignment after all other funding sources have been exhausted. The information returned via this electronic screening constitutes adequate documentation to qualify individuals for presumptive charity.

Bayhealth utilizes PARO for presumptive charity scoring. PARO is a predictive model that assesses patient qualifications for financial assistance. PARO aligns with the requirements for Presumptive Charity and Community Benefits as defined in IRS Form 990. PARO predicts poverty, household income, assets and other critical information in a consistent and fair manner. PARO incorporates a socio-economic factor and non-credit based data to mitigate problems in traditional charity processes. Specifically, PARO assists Bayhealth in mitigating the following challenges:

- Unreliable third-party income estimates
- Credit bureaus do not cover large segments of the population, including families without household transaction accounts and “financial shadows”
- Bad credit does not equal poverty; nor does good credit equal affluence
- Functionally illiterate cannot complete an application
- Cultural barriers for many patients

PARO leverages databases with more than 9,000 sources and 2 billion records including Consumer Transactions, Court Records, Asset Ownership, Utility Files, Government Files (Bankruptcy, SSN, Deceased), US Census Data. The process does not rely on credit bureau data – leaves no “soft hits”

Data Analysis and Scoring Process

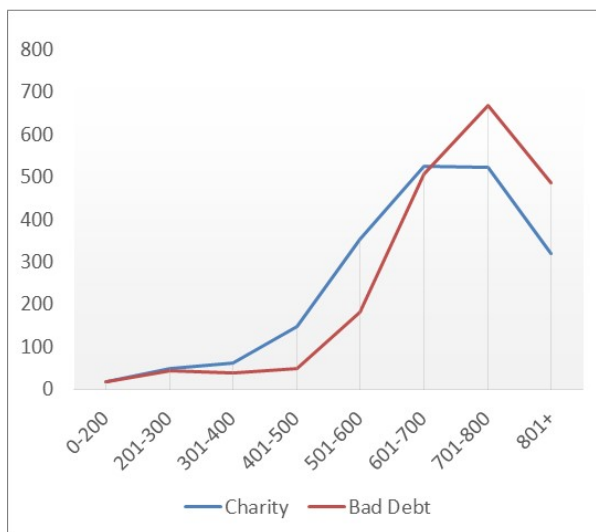
1. Public record data is collected from thousands of sources and organized into a centralized database.
2. Data is aggregated at the consumer level developing a meaningful consumer profile for every individual.
3. Profile is then used in PARO’s proprietary algorithm to derive a predictive score.

The PARO score evaluates asset and consumer characteristics, lifestyle/family structure, debt characteristics and willingness and ability to pay. PARO use 3 distinct variables to predict whether a patient qualifies for charity. Those variables are their proprietary score, estimated Federal Poverty Level percentage and homeownership status.

Bayhealth Calibration

To determine thresholds specific to Bayhealth and our consumer population PARO performed a data analysis of patients approved for charity through our application process and patients whose accounts ended up in bad debt. The sample size included 2,000 patients approved for charity and 1,999 patients whose accounts progressed to bad debt. Based on the analysis PARO identified scores that would qualify individuals for presumptive charity. The parallel distributions between the charity and bad debt account populations demonstrate a strong predictive model performance. The blue line in the chart below represents patients Bayhealth approved for charity through the application process and the red line demonstrates patients who did not apply for financial assistance or were denied and ended up in bad debt.

PARO Score Distribution



Estimated FPL Distribution



Applying the presumptive charity rules to the bad debt sample revealed 544 of the 1,999 bad debt accounts would have been approved for financial assistance if they had applied. This analysis provides Bayhealth with a good level of comfort that the Presumptive Charity program allows Bayhealth to identify patients who has an inability to pay prior to sending accounts to bad debt collections.