



Discounted/Sliding Fee Schedule Information Package

Revised April 2014

Introduction: Developing and Implementing a Discount Fee Schedule

This summary is designed to give you basic information about developing and implementing a discount fee schedule for low-income populations.

1 Practices employing NHSC clinicians have some flexibility in designing a schedule of discounts; however NHSC sites need to assure that patients at or below 100% of the Federal Poverty Guidelines (FPG) pay a very nominal fee (or no fee) and that patients with family incomes between 100-200% of the FPG are charged according to a sliding schedule of discounts, which should reflect a nominal charge (see sliding/discount fee schedule examples included in this document). Many NHSC sites discount fees for patients with annual incomes above 200% of the FPG.

2 NHSC sites should use the U.S. Department of Health and Human Services (HHS) Poverty Guidelines that are issued each spring when designing their discounts. The HHS guidelines are based upon family/household size and annual income. These guidelines can be accessed through the web at <http://aspe.hhs.gov/poverty>. All NHSC Sites must update their sliding /discount fee schedule annually to reflect the most current guidelines.

3 The sliding fee scale or discounted fee schedule policy should include the procedure for qualifying for discounted fees, how the discounts will be determined, and what documentation is required for determining the discount percentage. Practices should also include in its policies and procedures a process for recertifying clients for the discounted fee schedule. Most practices recertify patients at least once annually.

Federal regulations identify income level as the sole criteria for determining an individual's eligibility for discounts. Consequently, NHSC sites may not deny discounted services on the basis of an individual's assets if they would be eligible under income guidelines. In addition, limiting an individual's access to discounts on the basis of citizenship or residency is not sanctioned by the regulatory framework governing the NHSC program.

When verifying income, the simplest approach is to accept the patient's word at the time the request is made. On future visits, it may be appropriate to require some form of verification. Verification will typically include tax returns and current pay stubs. In addition to annualized income verification, eligibility may be based on current participation in certain federal/state public assistance programs, examples of which include the following:

- Social Security income (Disability);
- Free or reduced school lunch program;
- Temporary assistance for needy families;
- Other public assistance programs.



4 Although the NHSC doesn't require extending the discount policy to Medicare beneficiaries or those participating in Medicaid and the Children's Health Insurance Program (CHIP), many clinics have indicated an interest in doing so. The Medicare law requires clinicians to charge Medicare beneficiaries the same as they charge other patients. Waiving or discounting the Medicare co-pay on an ad-hoc or case-by-case basis is not allowed. Medicare will, however, accept a discounted fee schedule if appropriately designed and implemented. The key is to establish a discount policy that is uniformly applied to all patients based upon ability to pay. So long as the discount policy is uniformly applied to all patients, all the time, it is acceptable to discount deductibles and co-payments for Medicare beneficiaries if they qualify under the discount policy established by the clinic.

5 NHSC-approved sites are required to prominently post language onsite and on their web site (if one exists), stating that patients will not be denied services based on inability to pay and that discounts are available based on family size and income. The sliding/discounted fee schedule should be presented as an option during a patient's initial visit. Sites do not have to post details of the policy or the actual fee schedule. When applicable, this statement should be translated into the appropriate language/dialect. An example of a notice can be found in this package.

6 Office staff must be trained on the availability of the program and the policy and procedures for implementation. At least one staff member should know how to collect the necessary documentation and determine the discount percentage. Many sites enter the discount percentage into the practice's billing system.

This package contains:

Frequently Asked Questions about Discounted/Sliding Fee Schedules and the U.S. Department of Health and Human Services (HHS) Poverty Guidelines;

Examples of Discounted/Sliding Fee Schedules for the lower 48 contiguous states;

Examples of Discounted/Sliding Fee Schedule policies, applications, and signage.

Frequently Asked Questions About Discounted/Sliding Fee Schedules

What is a discounted/sliding fee schedule?

A discounted/sliding fee schedule is a set of discounts that is applied to a site's schedule of charges for services, based upon a written policy that is non-discriminatory. The fee schedules address the need for equitable charges for services rendered to patients.

NHSC-approved sites [with the exception of correctional facilities, free clinics, and some Indian Health Service, Tribally-Operated, and Urban Indian Health (ITU) sites] are required to provide services for free or on a sliding fee scale or discounted fee schedule for low-income individuals. Discounted/sliding fees are based upon Federal Poverty Guidelines, and patient eligibility is determined by annual income and family size. Schedules are established and implemented to ensure that a non-discriminatory, uniform, and reasonable charge is consistently and evenly applied. For patients whose household income and family size place them at or below poverty, a typical, nominal fee is often between \$7 and \$15. Patients between 101-200% of poverty are expected to pay some percentage of the full fee based on their poverty level. A discounted/sliding fee schedule applies only to direct patient charges and should slide to 0% charge (only nominal fee allowed) as it approaches 100% of the poverty level. Billing for third party coverage (Medicare, Medicaid, CHIP or private insurance carriers) is set at the usual and customary full charge.

Why have a discounted/sliding fee schedule?

Federal requirements prescribe that a locally determined discounted/sliding fee schedule be used, and that services be provided either at no fee or a nominal fee, as determined by the provider. The reasonableness of fees, and the percent of a full fee that is assessed, may be subject to review or challenge by federal reviewers during routine reviews by duly authorized federal staff or their state counterparts.

Which patients are covered by a discounted/sliding fee schedule?

By joining the NHSC and accepting NHSC clinicians into your practice, you are agreeing to apply the discounted/sliding fee schedule equally, consistently, and on a continuous basis to all recipients of services in your site and/or location, without regard to the particular clinician that treats them.

How do we develop a discounted/sliding fee schedule?

When developing a discounted/sliding fee schedule, each safety-net provider should take the following into consideration:

- The discounted/sliding scale fee schedule must be in writing and non-discriminatory;
- No patient should be denied services due to an inability to pay;
- Signage/notice is posted onsite and to the web site (if applicable) to ensure that patients are aware that a discounted/sliding fee schedule is available to them;
- Patients must complete a written application to determine financial eligibility for the discounted/sliding scale fees;
- Every patient's privacy is protected;
- Records are kept to account for each visit and the charges incurred (if any);
- Patients at or below 100% poverty are charged a nominal fee or not charged at all;
- Clinical practice sites may establish any number of incremental percentages (discount pay classes) as they find appropriate between 101-200% of poverty;
- Patients above 200% of poverty may be charged full fees for services, or clinical practice sites may continue to charge incremental percentages for services until 100% of the full fee is reached.
- Front line staff should be familiar with the discounted/sliding fee schedule and be able to provide basic information on the program and inform patients on how to begin the application process.

What discounted/sliding fee schedule related documentation is required by NHSC during the site application and recertification processes?

1. **Discounted/sliding fee schedule**
 - Includes the nominal fee if one exists
 - Reflects the most recent HHS Poverty Guidelines (<http://aspe.hhs.gov/poverty>)
 - Offers a full (100%) discount to those at or below 100% of poverty
 - Offers a sliding schedule of discounts up to 200% of poverty
2. **Discounted/sliding fee schedule policy**

The policy should describe how the SFS is implemented at the site, including how the SFS will be advertised, procedures for patients to apply, and site's policies and procedures on processing applications. Ensure that the discount program applies to all residents of the site's Health Professional Shortage Area(s).
3. **Patient application for the discounted/sliding fee schedule**

Discounts should be based on family size and income
4. **Legible photograph or copy of required signage**

Should be prominently displayed in common areas and state that (i) no one will be denied access to services due to inability to pay; and (ii) there are discounts available based on family size and income.
5. **Required web site language**

If applying site has a web site, it must advertise the availability of the sliding fee schedule and contain required language (see signage requirements above).
6. **NHSC Site Data Tables**

Sites must submit 12 continuous months of billing and sliding fee schedule utilization data as well as clinical employment statistics through the NHSC Site Data Tables, <http://nhsc.hrsa.gov/currentmembers/membersites/downloadableresources/nhscsitedatatable.pdf>.

How and when is patient eligibility determined?

The simplest approach is to accept the patient's word at the time the request is made. On future visits, it may be appropriate to require some form of verification. Verification will typically include tax returns and current pay stubs. Eligibility may also be based on current participation in certain federal/state public assistance programs, including:

- Social Security Disability income (SSDi);
- Temporary Assistance for Needy Families (TANF);
- Free or reduced school lunch program;
- Other public assistance programs.

Whose income should be counted?

Many safety-net providers count only the mother, father, and dependent children under 18 as the family. Other adults in the household, even though related, are considered separately.

Is every patient's income reviewed?

This policy is determined by the individual practice. However, regardless of the methodology used, it must be uniformly and evenly applied, without discrimination of any kind.

How long should discount status be extended?

This policy is determined by the individual practice. Many safety-net providers re-evaluate patient eligibility on an annual or semi-annual basis. As with any registration data, staff should inquire if any pertinent information has changed since the patient's last visit. For example, if a patient's annual income has changed, then a re-evaluation and/or recertification of their discount status would be necessary.

What are the federal poverty guidelines?

The poverty guidelines are a version of the income thresholds used by the census Bureau to estimate the number of people living in poverty. The thresholds are annual income levels below which a person or family members are considered to be living in poverty. The income threshold increases by a constant amount for each additional family member. The guidelines are updated annually to account for increases in the consumer price index.

Who issues the poverty guidelines?

HHS is required by law to issue the guidelines, which determine 100% of the poverty level.

Where can you get the current poverty guidelines?

The guidelines are published annually, and may be found at <http://aspe.hhs.gov/poverty/>.

Why are the poverty guidelines (and fee schedules) different for Alaska and Hawaii?

The differences are due to the administrative practices of the Office of Economic Opportunity beginning in the 1966-1970 periods. Please see the Frequently Asked Questions related to the Federal Poverty Guidelines and poverty: <http://aspe.hhs.gov/poverty/faq.shtml#differences>.

Examples of Discounted/Sliding Fee Schedules for the Lower 48 Contiguous States

Annual Income Thresholds by Sliding Fee Discount Pay Class and Percent Poverty						
Poverty Level*	100%	125%	150%	175%	200%	>200%
Family Size	Minimum Fee (\$5)	20% pay	40% pay	60% pay	80% pay	100% pay
1	\$11,670	\$14,588	\$17,505	\$20,423	\$23,340	\$23,341
2	\$15,730	\$19,663	\$23,595	\$27,528	\$31,460	\$31,461
3	\$19,790	\$24,738	\$29,685	\$34,633	\$39,580	\$39,581
4	\$23,850	\$29,813	\$35,775	\$41,738	\$47,700	\$47,701
5	\$27,910	\$34,888	\$41,865	\$48,843	\$55,820	\$55,821
6	\$31,970	\$39,963	\$47,955	\$55,948	\$63,940	\$63,941
7	\$36,030	\$45,038	\$54,045	\$63,053	\$72,060	\$72,061
8	\$40,090	\$50,113	\$60,135	\$70,158	\$80,180	\$80,181
For each additional person, add	\$4,060	\$5,075	\$6,090	\$7,105	\$8,120	\$8,120

* Based on 2014 HHS Poverty Guidelines (<http://aspe.hhs.gov/poverty>)

Maximum Annual Income Amounts for each Sliding Fee Percentage Category (except for 0% discount)												
Poverty Level*	100%	110%	120%	130%	140%	150%	160%	170%	180%	190%	200%	>200%
Family Size	DISCOUNT											
	100%	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
1	\$11,670	\$12,837	\$14,004	\$15,171	\$16,338	\$17,505	\$18,672	\$19,839	\$21,006	\$22,173	\$23,340	\$23,341
2	\$15,730	\$17,303	\$18,876	\$20,449	\$22,022	\$23,595	\$25,168	\$26,741	\$28,314	\$29,887	\$31,460	\$31,461
3	\$19,790	\$21,769	\$23,748	\$25,727	\$27,706	\$29,685	\$31,664	\$33,643	\$35,622	\$37,601	\$39,580	\$39,581
4	\$23,850	\$26,235	\$28,620	\$31,005	\$33,390	\$35,775	\$38,160	\$40,545	\$42,930	\$45,315	\$47,700	\$47,701
5	\$27,910	\$30,701	\$33,492	\$36,283	\$39,074	\$41,865	\$44,656	\$47,447	\$50,238	\$53,029	\$55,820	\$55,821
6	\$31,970	\$35,167	\$38,364	\$41,561	\$44,758	\$47,955	\$51,152	\$54,349	\$57,546	\$60,743	\$63,940	\$63,941
7	\$36,030	\$39,633	\$43,236	\$46,839	\$50,442	\$54,045	\$57,648	\$61,251	\$64,854	\$68,457	\$72,060	\$72,061
8	\$40,090	\$44,099	\$48,108	\$52,117	\$56,126	\$60,135	\$64,144	\$68,153	\$72,162	\$76,171	\$80,180	\$80,181
For each additional person, add	\$4,020	\$4,466	\$4,872	\$5,278	\$5,684	\$6,090	\$6,496	\$6,902	\$7,308	\$7,714	\$8,120	\$8,120

* Based on 2014 HHS Poverty Guidelines (<http://aspe.hhs.gov/poverty>)

SAMPLE POLICY

ABC Healthcare Discount Fee Policy

Policy

it is the policy of ABC Healthcare to provide essential medical services regardless of the patient’s ability to pay. Discounts are offered based upon family/household size and annual income. A sliding fee schedule is used to calculate the basic discount and is updated each year using the Federal Poverty Guidelines. Once approved, the discount will be honored for six months, after which the patient must reapply.

Discount Application Process

A completed application including required documentation of the home address, household income, and insurance coverage must be on file and approved by the business office before a discount will be granted. If the applicant appears to be eligible for Medicaid, a written denial of coverage by Medicaid may also be required.

Adolescent patients seeking confidential care are exempt from the application process, and services are provided at the nominal rate.

Medical	The discount is applied to all in-office services and Off-site services supplied by ABC Clinic healthcare providers.
Pharmacy	Samples are provided, when available, without charge.
Lab & X-ray	The discount is applied to in-office laboratory and x-ray services. Reference laboratory tests and consulting radiology interpretations are excluded.

Services Covered and Excluded

ABC HEALTHCARE CLINIC

Discounted/Sliding Fee Application

It is the policy of ABC Healthcare, Inc., to provide essential services regardless of the patient's ability to pay. Discounts are offered based upon family/household size and annual income. Please complete the following information and return to the front desk to determine if you or members of your family are eligible for a discount.

The discount will apply to all services received at this clinic, but not those services which are purchased from outside, including reference laboratory testing, drugs, and x-ray interpretation by a consulting radiologist, and other such services. This form must be completed every 6 months or if your financial situation changes.

Number of related persons living in your household:

Household Member	Household Income (complete one column)		
	Annual	Monthly	Bi-Weekly
Self			
Spouse			
Dependent Children under age 18			
Total			

Note: Include income from all sources including gross wages, tips, social security, disability, pensions, annuities, veteran's payments, net business or self employment, alimony, child support, military, unemployment, and public aid.

I certify that the family size and income information shown above is correct. Copies of tax returns, pay stubs, and other information verifying income may be required before a discount is approved.

Name (Print) Date

Signature

Office Use Only

Patient Name Discount

Date of Service Approved by

Services Covered and Excluded

ABC HEALTHCARE CLINIC Family Assistance Plan Application

NAME OF HEAD OF HOUSEHOLD		PLACE OF EMPLOYMENT		
STREET	CITY	STATE	ZIP	PHONE
HEALTH INSURANCE PLAN		SOCIAL SECURITY NUMBER		

Please list spouse and dependents under age 18

Name	Date of Birth	Name	Date of Birth
SELF		DEPENDENT	
SPOUSE		DEPENDENT	
DEPENDENT		DEPENDENT	
DEPENDENT		DEPENDENT	

Annual Household Income

Source	Self	Spouse	Other	Total
Gross wages, salaries, tips, etc.				
Social security, pension, annuity, and veteran's benefits				

Source	Self	Spouse	Other	Total
Alimony, child support, military family allotments				
Income from business self employment, and dependents				
Rent, interest, dividend, and other income				
Total Income				

I certify that the family size and income information shown above is correct. Copies of tax returns, pay stubs, and other information verifying income may be required before a discount is approved.

Name (Print) Date

Signature

Office Use Only

Patient Name Discount

Date of Service Approved by

Verification Checklist (attach copies)	YES	NO
Identification/Address: Driver's license, birth certificate, employment ID, social security card or other		
Income: Prior year tax return, three most recent pay stubs, or other		
Insurance: Insurance card(s)		
Medicaid: Application made or evidence of rejection		

Public Notice Signage

The following examples demonstrate that it is not required to post all details about the discount/sliding scale fee policy, nor is it required to post the actual discounted/sliding fee schedule itself. Signs must be posted in conspicuous locations, such as beside the front desk, and translated into appropriate languages.

Sample Discount Fee Policy Signs:

NOTICE TO PATIENTS

This practice serves all patients regardless of inability to pay.
Discounts for essential services are offered depending upon family size and income.
You may apply for a discount at the front desk.
Thank you.

* * *

AVISO PARA PACIENTES

Los centros de salud ofrecen servicios de atención médica primaria y preventiva, sin considerar la capacidad de los pacientes para pagar.
Los cargos generados por servicios de salud son calculados de acuerdo al nivel de ingreso del paciente.
Pacientes pueden aplicar para servicios médicos con la recepcionista en la clínica.
Gracias



AS A NATIONAL HEALTH SERVICE CORPS SITE,
WE PROMISE TO

- ✓ **Serve all patients**
- ✓ **Offer discounted fees for patients who qualify**
- ✓ **Not deny services based on a person's:**
 - Race
 - Color
 - Sex
 - National origin
 - Disability
 - Religion
 - Sexual orientation
- ✓ **Accept insurance, including:**
 - Medicaid
 - Medicare
 - Children's Health Insurance Program (CHIP)

This facility is a member of the
National Health Service Corps: [NHSC.hrsa.gov](https://www.nhsc.hrsa.gov).



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH RESOURCES AND SERVICES ADMINISTRATION

