FINANCIAL ASSISTANCE POLICY

PURPOSE

The Mission of Kalispell Regional Healthcare is to improve health, comfort, and life. The KRH Core Values are to: uphold Integrity in our words and actions; show Compassion to every person, every time; provide Service to our patients, our co-workers, and our community; demonstrate Excellence every day, in every way; and take Ownership for all we do. In carrying out our Mission and acting on our Core Values, we provide healthcare services to all persons in need, without regard to whether the patient is personally able to pay fully for the care received.

For the purposes of this Policy, Kalispell Regional Healthcare includes its hospitals Kalispell Regional Medical Center ("KRMC") and The HealthCenter ("THC"); and Northwest Orthopedics and Sports Medicine ("NOSM"), as well as their employed physicians and other healthcare services providers. KRMC, THC, NOSM, and their employed physicians and other healthcare services providers are called the "KRH Providers" in this Policy. Also, the term "KRH" includes Kalispell Regional Healthcare and the KRH Providers, unless stated otherwise.

Some KRH patients will not have the financial means to pay fully the charges made for the care provided to them by the KRH Providers and other healthcare services facilities or providers. This may be the case even when a portion of the bill for those charges is paid for by a governmental healthcare program, like Medicare and Medicaid, or a healthcare benefits plan or insurance. For that reason, KRH provides financial assistance to its patients for Emergency Care and Medically Necessary Care through a discount/reduction to the portion of the billed amount that the patient is personally responsible to pay, which is called the "Self-Pay Balance" in this Policy. In order to provide guidance to KRH patients, their caregivers, the public, and KRH staff about the KRH financial assistance program, KRH has adopted this Policy and related procedures. The Policy and related procedures are intended to meet the requirements of Internal Revenue Code section 501(r) (called "section 501(r)" in this Policy.

Defined terms used in this Policy, normally those words with initial capital letters, have important meanings. The definitions of these terms appear in the Definition of Terms section of this Policy below.

FINANCIAL ASSISTANCE POLICY

The KRH Providers will provide a reasonable amount of financial assistance to eligible patients for the cost of Emergency Care and Medically Necessary Care provided by the KRH Providers. KRH is committed to providing this financial assistance to its patients who are unable to pay the Self-Pay Balance based on their individual financial situations. The determination of whether a patient is eligible for, and the amount of financial assistance to be given, will be made at the time the service is performed or hospital discharge or as soon thereafter as possible, in accordance with the provisions of this Policy.

This Policy applies to all of the KRH Providers. Eligibility for and the amount of financial assistance provided by KRH under this Policy may also be accepted and applied by other healthcare services providers who deliver Emergency Care and Medically Necessary Care in KRMC or THC. A list of the other healthcare services providers and whether they follow, or do not follow, the KRH financial assistance policy when they perform a service related to an Emergency Care or Medically Necessary Care in KRMC or THC, is available on the KRH website and in writing. Patients seeking a discount for services provided by a non-KRH Provider who has not joined in this Policy need to contact that other healthcare services provider directly and work with that provider to see what, if any, financial assistance is available from that provider, and if so, the process for applying for its financial assistance.

This Policy has been adopted by the Board of Trustees of Kalispell Regional Healthcare System and the Board of Managers of NOSM.

All charges for Emergency Care and other Medically Necessary Care performed by the KRH Providers are eligible for financial assistance consideration. Services other than Emergency Care and Medically Necessary Care, such as cosmetic services, are not covered by this Policy.

Patients need to understand that financial assistance is not a substitute for personal responsibility. Patients are expected to cooperate fully with KRH procedures for obtaining financial assistance and to contribute to the cost of their care based on their ability to pay. Individuals and/or families with the financial capacity to purchase health insurance or who qualify for government health care programs are encouraged to get that coverage, as a means of assuring access to health care services and aiding in the payment for their health care.

Any patient, as well as the patient's Responsible Party (such as the parents of a patient who is a minor child), can submit an application for financial assistance. Financial assistance can include full or partial discount to a Self-Pay Balance, as well as assistance in enrolling in government health plans like Medicaid, and referral to other state and county assistance programs. It is the responsibility of the patient to specify the particular healthcare services accounts that are to be included in the determination of eligibility for and amount of financial assistance. KRH does not assume this responsibility.

A copy of a summary of this Policy, as well as information and assistance about how the Policy may apply to a particular patient's situation may be obtained, (1) in person at a check-in desk in the hospital or a KRH Providers clinic, (2) by contacting a Patient Business Services Representative at 1-406-756-4408 (an automated line), (3) by mailing a request to: Patient Business Services, 310 Sunnyview Lane, Kalispell, MT 59901, or (4) by coming to the Patient Business Services office at 160 Heritage Way (the Two Medicine building), Kalispell, between 8A.M. and 4:30 P.M. on week days, or by speaking with the Patient Billing Advocate located in the Kalispell Regional Medical Center facility off the main lobby, at 310 Sunnyview Lane, Kalispell, MT 59901 .

HOW TO APPLY FOR FINANCIAL ASSISTANCE

A patient applies for financial assistance by completing a Financial Assistance Application and supplying the requested information and documentation. The information and documentation submitted is subject to verification. An application for financial assistance should be made as soon as possible, preferably in advance of receiving healthcare services. The Application Period will normally end on the two hundred fortieth (240th) day after the first post-hospital discharge, or other post-service, billing statement is sent to the patient. There are a few exceptions to the time that the application period will end that are dealt with specifically in this Policy.

Applying for financial assistance can be initiated by requesting a Financial Assistance Application, as well as obtaining additional information and assistance, (1) in person at a check-in desk in the hospital or a KRH Providers clinic, or (2) over the phone by calling 1-406-756-4408 (an automated line), or (3) through the mail, or (4) off the KRH website (www.kalispellregional.org/krmc/) under the tab "Financial Assistance". Completed applications need to be sent to Patient Business Services, 310 Sunnyview Lane, Kalispell, MT 59901, Attn: Financial Assistance Application.

HOW IS ELIGIBILITY FOR FINANCIAL ASSISTANCE DETERMINED?

KRH uses the general Federal Poverty Guidelines as the primary ability to pay measurement tool to determine eligibility for financial assistance. The current Federal Income Poverty level amounts may be found online at: https://www.healthcare.gov/glossary/federal-poverty-level-FPL/. Other circumstances may also be taken into account in making the final determination.

Following receipt of a Financial Assistance Application, a Patient Business Services Representative reviews it for completeness. If it is complete, the patient will be notified of that. A decision on eligibility for financial assistance and, if so, the amount of financial assistance will be made and the patient notified promptly. If the application is not complete, the Patient Account Representative will contact the patient with a written notice requesting the missing information or additional verifications and specify where that information or verifications are to be sent and who to contact if assistance is needed. The additional information or verifications should be returned within thirty (30) days, even if that thirty (30) day period ends after the original application period. If it is received within the thirty (30) day period and the original application period has expired, the application will still be reviewed and the patient informed whether the patient is eligible for financial assistance and, if so, the amount of financial assistance. If the thirty (30) day period is not beyond the end of the two hundred forty (240) day application period, as long as you submit the needed information or verifications before the end of the application period, it will be accepted.

A patient qualifies for financial assistance if the patient's Family Income is less than 400% of the Federal Poverty Guidelines.

Upon receiving a complete Financial Assistance Application, if the Patient Business Services Representative believes the patient may qualify for Medicaid, KRH will postpone making a decision on financial assistance until after the patient's Medicaid application has been completed and submitted and a determination as to the patient's Medicaid eligibility has been made. The Patient Services Representative will arrange for assistance for the patient in determining eligibility and in making the application for Medicaid, if requested by the patient.

HOW IS THE AMOUNT OF FINANCIAL ASSISTANCE DETERMINED?

Once the amount of financial assistance for a patient is determined using the following general guidelines, information and factors:

A. If a patient's Family Income is less than 200% of the Federal Poverty Guidelines, the patient is eligible for a 100% write off of up to amount of the Self-Pay Balance.
B. If the patient's Family Income is more than 200% but less than 400% of the Federal Poverty Guidelines, the patient is eligible for a partial discount of the Self-Pay Balance, using a sliding scale (see the attached schedule). The sliding scale will be revised annually as the Federal Poverty Guidelines are updated.
C. A patient's Self-Pay Balance will never exceed twenty percent (20%) of the patient's Family Income. In cases when there is a Self-Pay Balance remaining after financial assistance is applied that exceeds the 20% limitation, the financial assistance will be adjusted to reflect the twenty percent (20%) limitation of the Patient's Family Income.
D. After these steps have been taken, if a patient is responsible for the Self-Pay Balance, the Patient Business Services Representative will work with the patient to establish appropriate payment arrangements.
E. A patient may also be eligible for a Prompt Payment Discount, which is set out under the heading "PROMPT PAY DISCOUNTS FOR A PATIENT'S SELF-PAY BALANCE" below.
F. The amount of third-party financial resources (including health insurance and health plan benefit coverage, or government health plan coverage [such as Medicare or Medicaid]), any recovery from a personal injury claim, Victims of Crime assistance, and non-hospital financial aid programs (including public assistance and private charity or foundation grant programs, for example).
G. The income and the value of Family Assets from all sources of the patient's household. This includes compensation from employment and other income.
H. Employment status: both past and future earnings potential is reviewed, to differentiate between temporary financial circumstances and those that are not likely to change soon.
I. All self-employed patients applying for financial assistance (whether as sole proprietor, partner of a

partnership, shareholder of a corporation, member of a limited liability company, etc.) must provide tax returns for that business that include all return schedules to support line item entries. KRH will add back to deductions taken from income for the following:

i. Depreciation expense
ii. Mileage
iii. Travel and entertainment

A Balance Sheet, Cash Flow, and Profit and Loss statement for the past two (2) years will also be required. If the business has been in existence for less than two (2) years, statements for the period of existence must be provided. Business assets such as vehicles and owned real and personal property, are also considered as Family Assets based on the patient's or Responsible Party's personal control of those assets.

If the patient does not have the documents referred to above, the patient may contact a Patient Business Services Representative to discuss whether other evidence may be provided to demonstrate eligibility.

J. Falsification of financial information (including number of dependents) or refusal to cooperate may result in a denial of financial assistance.
K. KRH reserves the right to change a financial assistance determination amount if financial circumstances have changed.

NOTIFICATION OF ELIGIBILITY AND THE AMOUNT OF FINANCIAL ASSISTANCE

The decision on eligibility for, and any amount of, financial assistance will be communicated to the patient in writing and documented in the Patient Business Services files. If the patient is eligible for financial assistance in an amount less than the full amount of the patient's Self-Pay Balance, the financial assistance notice will set out both the amount of financial assistance awarded and the remaining amount the patient owes for the care. The notice will also contain information about whom to contact to make payment arrangements, whether the patient may still take advantage of the prompt pay discount, how to obtain information about the AGB (amounts generally billed) computation, and, if a refund is due the patient because of amounts already paid, payment of the refund amount (unless that amount is less than Five Dollars ($5.00)).

A patient who can afford to pay a portion of the Self-Pay Balance is expected to do so. Payment arrangements may be made on the remaining Self-Pay Balance by contacting a Patient Business Services Representative.

If the patient/Responsible Party does not pay the amount agreed to in the payment arrangement, the account may be placed with a collection agency for collection in accordance with the KRH Collections Policy. This Financial Assistance Policy will be applied in tandem with the KRH Collections Policy. A copy of the KRH Collections Policy may be obtained by requesting it in person, over the phone by calling 1-406- 756-4408 (an automated line), through the mail, or from the KRH website (www.kalispellregional.org/krmc/) under the tab "Financial Assistance". Requests by mail need to be sent to Patient Business Services, 310 Sunnyview Lane, Kalispell, MT 59901.

Patient Business Services will retain all records relating to applications for and amounts of financial assistance provided to a patient for seven (7) years.

DURATION OF ELIGIBILTY FOR FINANCIAL ASSISTANCE

A determination of eligibility for financial assistance, and the amount of financial assistance determined, will remain valid for one (1) year. It will apply to the accounts for services for which the patient made application for financial assistance, and to accounts for services performed during that one (1) year period if also requested by the patient, unless the financial circumstances of the patient have changed. All patients must reapply for financial assistance after that one (1) year period

is over.

IDENTIFICATION OF PATIENTS WHO MAY QUALIFY FOR FINANCIAL ASSISTANCE, BUT WHO HAVE NOT SUBMITTED A FINANCIAL APPLICATION.

In order to identify patients who may be eligible for financial assistance but who may not have applied, KRH uses an income and health care credit scoring technology. KRMC uses the following process to identify these additional potential financial assistance cases, called presumptive eligibility for financial assistance:

A. KRMC performs a review of outstanding balances for patients through a computerized process to determine a patient's potential for financial assistance.
B. The indicators used in this process include information from outside sources that provide KRH guidance in assessing the patient's Family Income and household size. The possible eligibility under this presumptive eligibility method for financial assistance will be used only for patients whose Family Income appears to be four hundred percent (400%) or less of the Federal Poverty Limits.
C. If the indicators show that the patient may be eligible for financial assistance at less than the most generous financial assistance provided by KRH, KRH will notify the patient of the basis on which the presumptive eligibility was determined and the way to apply for more generous financial assistance. The patient will be given (90) days to complete and submit an application to determine if the patient is eligible for more generous assistance. If the patient submits a complete application during that period of time, the process for determining financial assistance following the submission of a complete application will be followed.
D. Patients who are identified as eligible for presumptive financial assistance will receive three (3) monthly billing statements, over roughly a ninety (90) day period. If the patient has not filed a completed financial assistance application ,after these three (3) billing statements have been sent since the first post-hospital discharge (or other post-service) billing statement, KRMC will apply the presumptive financial assistance amount to the Self-Pay Balance.

Approval for financial assistance using this presumptive eligibility method will remain valid for one (1) year. It will apply to the accounts for services for which the determination was made, and to accounts for services performed during that one (1) year period, unless the patient makes a later application for financial assistance or KRH has reason to believe that the financial circumstances of the patient have changed.

LIMITATION ON THE AMOUNT OF A PATIENT'S SELF-PAY BALANCE ONCE FOUND TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE

In all situations, once the patient is determined to qualify for financial assistance, that individual will not be responsible for paying more for Emergency Care or other Medically Necessary Care than the Amounts Generally Billed ("AGB") to individuals who have insurance covering that same care. This means the patient's Self-Pay Balance will not exceed the AGB. KRH may change the methodology for calculating AGB in the future. Any member of the public may obtain a copy of the AGB methodology that is in current use, free of charge, either over the phone by calling 1-406- 756-4408 (an automated line), off the KRH website (www.kalispellregional.org/krmc/) under the tab "Financial Assistance", or by mail addressed to Patient Business Services, 310 Sunnyview Lane, Kalispell, MT 59901, ATTN: AGB Methodology Request.

CATASTROPHIC EVENT ACCOUNTS

A. Patients who do not apply for, or do not qualify for, financial assistance under the above guidelines, but whose Self-Pay Balance is considered catastrophic will be separately considered for financial assistance based on individual circumstances. A Self-Pay Balance is considered catastrophic if the Self-Pay Balance is more than Fifty Thousand Dollars ($50,000). If this is the case, Patient Business Services will contact the patient, if discussions with the patient about the situation have not already taken place. The

patient will be asked to provide to KRH the same information as is used to determine eligibility for financial assistance in other situations. If KRH finds that the patient has no identified means to pay the amount of the patient's Self-Pay Balance in full, taking into account other payment options, the following guidelines will be utilized:The Self-Pay Balance will be equal to the current Medicare reimbursement amount for the particular service.

B. Other factors, such as Family Assets, total family medical debt, future earnings potential, loss of wages and total personal debt may be considered to increase or reduce the amount of financial assistance.
C. A Self-Pay Balance that is reduced under this category of financial assistance must have the Self-Pay Balance paid within ninety (90) days from the time of the financial assistance determination unless other payment arrangements have been agreed to with KRH.

All cases under this section must be approved by the KRH Chief Financial Officer.

PROMPT PAY DISCOUNTS FOR A PATIENT'S SELF-PAY BALANCE

All patients may take advantage of a prompt pay discount. A fifteen percent (15%) discount of the Self-Pay Balance is available for payment in full at or before the date of discharge. A ten percent (10%) prompt payment discount is available if a Self-Pay Balance is paid in full within thirty (30) days of the first post discharge/date of service billing.

OVERALL LIMITATION ON THE AMOUNT OF A SELF-PAY BALANCE FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE

Once a patient has been determined to be eligible for financial assistance, that patient's Self-Pay Balance (a) will be less than the gross charges for the services to which the financial assistance determination applies, and (b) will not exceed the AGB for that care. If KRH collects an amount in excess of this limiting amount, it will promptly refund the excess amount to the patient once that fact is known.

OTHER DISCOUNT SITUATIONS

The acceptance by KRH of an amount less than the full balance owed of a Self-Pay Balance as payment in full of the Self-Pay Balance, irrespective of a patient's financial situation, will not be offered routinely. However, either KRH or a patient may initiate consideration of a discount for situations other than financial need. Such a discount may be offered or agreed to when it is in the best interests of KRH, as approved by the Patient Business Services Director or by the KRH Chief Financial Officer.

DEFINITIONS OF TERMS

1. Amounts Generally Billed or AGB – means amounts generally billed for Emergency Care or other Medically Necessary Care to individuals who have insurance covering that same care. In determining AGB, KRH has chosen to use the "Look-Back Method", in which AGB is based on Medicare fee for service payment amounts and the amounts paid by private health insurers (including health benefits plans whether or not insured), as outlined in Internal Revenue Code regulations.
2. Application Period – means the period of time during which KRH must accept and process an application for financial assistance under the Financial Assistance Policy. The Application Period begins when the patient files an application for financial assistance and ends on the 240th day after KRH provides the first post-discharge or post service billing statement to the patient.
3. Emergency Care – means medical treatment for an emergency medical condition, which is (A) a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in (i) placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious

jeopardy, (ii) serious impairment to bodily functions, or (iii) serious dysfunction of any bodily organ or part; or (B) with respect to a pregnant woman who is having contractions, (i) that there is inadequate time to effect a safe transfer to another hospital before delivery, or (ii) that transfer may pose a threat to the health or safety of the woman or the unborn child. KRH has a separate policy on the provision of Emergency Care consistent with federal law.

4. Family Assets – means items of property owned or under the effective control of the patient or Responsible Person, such as real estate that has value above any legitimate debt secured by that real estate (but the patient's primary residence and primary automobile are not considered assets), securities (such as stocks, bonds, mutual funds), savings accounts, checking accounts, retirement accounts, secondary automobiles, boats, recreational vehicles and other vehicles, and other assets (such as agricultural or recreational land), which are considered by KRH as available to pay the patient's medical expenses.
5. Gross Charge – Means the full, established price for medical care that KRH Providers consistently and uniformly charges patients before applying any contractual allowances, discounts or deductions to that price. It also can be called the chargemaster rate
6. KRH Providers – means Kalispell Regional Healthcare and its hospitals Kalispell Regional Medical Center ("KRMC") and The HealthCenter ("THC"), and Northwest Orthopedics and Sports Medicine ("NOSM"), as well as their employed physicians and other healthcare services providers.
7. Medically Necessary Care – means a medically necessary service or treatment which is reasonably calculated to prevent, diagnose, correct, cure, alleviate, or prevent the worsening of conditions in a patient which: (i) endanger life; (ii) cause suffering or pain; (iii) result in illness or infirmity; (iv) threaten to cause or aggravate a handicap; or (v) cause physical deformity or malfunction. A service or item is not medically necessary if there is another service or item for the recipient that is equally safe and effective and substantially less costly, including, when appropriate, no treatment at all. Experimental services or services which are generally regarded by the medical profession as unacceptable treatment are not medically necessary. An elective or cosmetic surgery or treatment is not medically necessary.
8. Patient – means the person who receives the hospital or other medical care covered by this Policy, as well as that person's Responsible Party when the context requires.
9. Patient's Family – A Patient's Family is defined as the patient, the patient's spouse or domestic partner, and dependent children.
10. Patient's Family Income – means all resources (income plus the Family Assets) of the Patient's Family.
11. Responsible Party – Means the person or persons who may be responsible for payment of the Self-Pay Balance of a patient, whether instead of the patient (such as the parents of a minor child) or in a representative capacity for the patient (such as a legal guardian or attorney in fact).
12. Self-Pay Balance – Means the amount remaining to be paid by the patient or Responsible Party after all other sources of payment have been received or taken into account (such as health insurance or health plans payments, claims of responsibility against third parties, governmental health care plan payments [like Medicare or Medicaid], or discounts allowed under this Policy). For a patient who has health insurance or health plan coverage, it commonly will be the co-pay, co-insurance and deductible amounts that the patient is to pay. The Self-Pay Balance is also considered to be the amount "charged" to the patient under this Policy.