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		<b>Previous Versions Dated:</b>	<b>12-16-11; 10-01-11</b>

**I. SCOPE:**


This policy applies to: (1) Tenet Healthcare Corporation and its wholly-owned subsidiaries and affiliates (each, an “Affiliate”); (2) any other entity or organization in which Tenet Healthcare Corporation or an Affiliate owns a direct or indirect equity interest greater than 50%; and (3) any hospital or healthcare facility in which an Affiliate either manages or controls the day-to-day operations of the facility (each, a “Tenet Facility”) (collectively, “Tenet”).

**II. PURPOSE:**

The purpose of this policy is to ensure, through the implementation of prudent and reasonable controls, that Tenet Facilities may provide patients with a Cash Pay Rate payment option for certain services. This policy and Regulatory Compliance policy COMP-RCC 4.56 Implementing Tenet’s Compact with Uninsured Patients are part of Regulatory Compliance policy COMP-RCC 4.53 Financial Assistance for Uninsured Patients. This policy shall apply except to the extent it is inconsistent with any applicable state or federal law, in which case such state or federal law shall control.

**III. DEFINITIONS:**

- A. **“Elective Services”** means scheduled services and certain non-emergent “walk-up” services (*e.g.*, lab services) that are approved for a Cash Pay Rate under the guidelines set forth in this policy.
- B. **“Federal health care program”** means any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government, including but not limited to: Medicare, Medicaid/MediCal, managed Medicare/Medicaid/MediCal, Tricare/VA/CHAMPUS, SCHIP, Indian Health Services, Health Services for Peace Corp Volunteers, Federal Employees Health Benefit Plan, Railroad Retirement Benefits, Black Lung Program, Services Provided to Federal Prisoners, Pre-Existing Condition Insurance Plans (PCIPs) and Section 1011 Requests.
- C. **“Health Insurance Policy”** means any Federal Healthcare Program, personal or group health policy or plan, whether fully insured or self funded, which has as its primary purpose the reimbursement, in whole or in part, of medical services provided to a covered Patient.
- D. **“Patient”** means any person who receives treatment at a Tenet Facility.
- E. **“Uninsured”** means a Patient who has no Health Insurance Policy in force at any time during which the patient receives treatment at a Tenet Facility. For purposes of this policy, and except with respect to patients receiving services in Louisiana, this

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definition includes a patient who is covered by a High-Deductible Health Plan (HDHP) if the patient requests that the Tenet Facility not file a claim with their HDHP for the Elective Services rendered.

- F. **“Non-Covered Services”** means those services not covered by a Patient’s Health Insurance Policy. This definition includes services not covered (i) as a result of a pre-existing condition exclusion; (ii) because a patient has exhausted his or her benefits; (iii) because they are denied through a Health Insurance Policy’s pre-authorization process; and (iv) services for which the patient has elected to opt out of his or her Health Insurance Policy coverage and to pay out of pocket. For purposes of a Federal Healthcare Program beneficiary, “Non-Covered Services” means only those services that are statutorily excluded from coverage. Patient co-pays and deductibles are not considered “Non-Covered Services.”
- G. **“High Deductible Health Plan”** is a health plan that meets the minimum annual deductible and out of pocket maximum requirements set forth by the Internal Revenue Code and applicable IRS guidance each year.

#### IV. POLICY:


Tenet Facilities may implement Cash Pay Rates for certain approved services in order to provide patients a payment option where the patient pays for the service in full at or before the time of service. The policy supports furnishing affordable care to patients and providing another payment option that may be more financially appropriate for the patient. At all times, the policy shall be implemented and applied with sensitivity to the patient’s health, privacy, and dignity.

#### V. PROCEDURE:

- A. Who May Access Cash Pay Rates

The following shall apply in determining who may access the Cash Pay Rates for certain Elective Services.

1. Cash Pay Rates are available to Patients who are Uninsured.
2. Cash Pay Rates are available to Patients for Non-Covered Services, including (i) services not covered because a patient has exhausted the benefits available to them under their Health Insurance Policy; (ii) services not covered because of a pre-existing condition exclusion; (iii) services that are denied through a Health Insurance Policy pre-authorization process; and (iv) services for which the patient has elected to opt out of his or her Health Insurance Policy coverage and to pay out of pocket.


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3. Cash Pay Rates are **not** available to Federal health care program beneficiaries, except for services that are statutorily excluded from coverage (*e.g.*, cosmetic surgery).
4. Cash Pay Rates are available to patients with High Deductible Health Plans who also meet the definition of Uninsured, as defined above.

**B. Services that are Subject to a Cash Pay Rate**

The following shall apply in determining what services may be offered at a Cash Pay Rate.

1. Cash Pay Rates apply only to Elective Services that are approved as set forth in this Policy. This Policy contemplates that appropriate Elective Services include, but may not be limited to, imaging services, obstetrical services, plastic surgery, bariatric surgery, and other elective surgeries.
2. Subject to the provisions of this Policy, each Tenet Facility may decide what services it proposes to be offered at a Cash Pay Rate and at what payment amount. Accordingly, the services offered at a Cash Pay Rate may differ in scope and amount among the different Tenet Facilities.
3. Any rate proposed for a Cash Pay Rate service must be established at an amount that is:
  - a. higher than the Medicare rate for the same service, unless otherwise approved by Regional Counsel and the Facility's Regional Vice President of Finance;
  - b. no lower than the Medicaid rate for the same service;
  - c. providing for a reasonable margin over fixed and variable costs; and
  - d. considers any market forces for the furnishing of the service on a cash basis.
4. Cash Pay Rate services must be approved by the Facility's Regional Vice President of Finance before being offered to patients. Once a service is approved, it may be offered at a Cash Pay Rate consistent with this Policy.
5. The availability of Cash Pay Rate services may be communicated to patients and physicians but should not be marketed or advertised in the public domain unless the advertisement is part of a larger Facility or Tenet

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initiative (e.g., a preventative screening initiative). All advertisements must be submitted for review through Tenet’s Marketing and Advertising Review Service (M.A.R.S.).

6. Patients agreeing to the Cash Pay Rate will complete and sign a Cash Pay Rate Agreement. See Attachment A.

C. Approval Process for Cash Pay Rates


The following approval process shall apply for any proposed Cash Pay Rate service.

1. Any proposed Cash Pay Rate service and the proposed rate shall be submitted to the Facility’s Regional Vice President of Finance for approval. All information related to the Cash Pay Rate shall be sent with the request for approval, including specifically the information set forth in Section B.3, above. The format and content for the request is the preference of the Regional Vice President of Finance. Attachment B and B-1 are examples of an appropriate Cash Pay Rate approval request format.
2. All Cash Pay Rates must be reviewed periodically, but at a minimum, on an annual basis. As part of the approval process, all information related to the establishment of the Cash Pay Rate should be updated and submitted in the manner required by the Regional VP of Finance.

D. How Does the Cash Pay Rate Apply to Approved Services

The following shall apply for any patient who wishes to access a Cash Pay Rate for an approved service.

1. The Cash Pay Rate is the amount that will be accepted for an approved Cash Pay Rate service if the amount is paid in full prior to or at the time of the furnishing of the service. The Cash Pay Rate must be paid upfront before services are furnished.
2. The Cash Pay Rate is not available and should not be used if any portion of the amount due is to be paid over time or after the day on which the services are furnished.
3. The Cash Pay Rate does not apply to deductibles, co-payments, or any other co-insurance amounts when insurance is being billed for the service.
4. The Cash Pay Rate is not inclusive of any professional fee generated by

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the performance of the services furnished, unless the Tenet Facility has an authorized contract to include the professional fee within the Cash Pay Rate.

E. Correlation of the Cash Pay Rates with Other Policies

The following shall apply in determining the correlation of the Cash Pay Rate policy with other Tenet policies.

1. The Cash Pay Rate is not meant to overlap with other policies and should not be used in conjunction with other policies. For example, the Cash Pay Rate may not be used if the patient is using another payment policy, such as a professional discount policy or the Compact for the Uninsured.
2. Some states have regulations that allow patients to apply retroactively for charity or discount programs. Please check with your Tenet legal counsel as to the application of the following paragraph for your hospital.

A patient's use of the Cash Pay Rate policy is not a waiver of that patient's right to qualify for financial assistance under the Tenet Facility's applicable charity and/or discount policies. A patient who has paid the Cash Pay Rate and received services may subsequently apply for, and be granted, eligibility under these programs. Where eligibility for the facility's charity or a discount program is granted, the facility shall refund all or a portion of the Cash Pay Rate previously paid if required by the terms of the applicable charity or discount policy.


3. Individual State Law Requirements. The Cash Pay Rate policy is subject to any applicable State law requirements.

F. Document Retention

Tenet Facilities that offer Cash Pay Rates shall retain all documentation related to the establishment of the Cash Pay Rate pursuant to this policy according to the requirements of Administrative Policy AD 1.11 Records Management and its Record Retention Schedule. Tenet Facilities shall require each patient to sign the Cash Pay Rate Agreement in Attachment A. The Facility shall retain the Cash Pay Rate Agreement per Tenet's general document retention guidelines.

G. Responsible Person

The Tenet Facility Chief Financial Officer is responsible for assuring that all individuals adhere to the requirements of this policy, that these procedures are

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implemented and followed at the Tenet Facility, and that instances of noncompliance with this policy are reported to the Compliance Officer.

H. Enforcement

All employees whose responsibilities are affected by this policy are expected to be familiar with the basic procedures and responsibilities created by this policy. Failure to comply with this policy will be subject to appropriate performance management pursuant to all applicable policies and procedures, up to and including termination. Such performance management may also include modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law.

**VI. REFERENCES:**

- Anti-Kickback Law: 42 U.S.C. § 1320a-7b(b); 42 C.F.R. § 1001.952
- Beneficiary Inducement Law: 42 U.S.C. § 1320a-7a(a)(5); 42 C.F.R. §§ 1003.101, 1003.102(c)(13)
- OIG Special Advisory Bulletin, Offering Gifts and Other Inducements to Beneficiaries, August 2002
- OIG Guidance on Hospital Discounts Offered to Patients Who Cannot Afford to Pay Their Hospital Bills, February 2004
- Text of Letter from Tommy G. Thompson, Secretary of Health and Human Services, to Richard J. Davidson, President, American Hospital Association, February 2004
- The Health Information Technology for Economic and Clinical Health Act § 13405(a)

**VII. ATTACHMENTS:**

- Attachment A: Cash Pay Rate Agreement
- Attachment B: Standard Technical Only Rate Example
- Attachment B1: Global Rate Example

[Tenet Facility]  
**Cash Pay Rate Agreement**

**Patient Name:** \_\_\_\_\_ **Account#:** \_\_\_\_\_

**Date of Service:** \_\_\_\_\_ **Service Type:** \_\_\_\_\_

**Procedure/Test:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Professional fees (i.e., physician fees) are excluded from the Cash Pay Rate unless otherwise indicated. You may receive a separate bill for professional services.**

**Patient/Guarantor Initials:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Amount of Cash Pay Rate: \$** \_\_\_\_\_

**Date Paid:** \_\_\_\_\_

*I understand that the Cash Pay Rate listed above is based on the services described above. The Cash Pay Rate is required to be paid in full at the time of service. If additional services other than those generally included in the procedure/test are required I will be responsible for payment of those services. I understand that the hospital will not bill my insurance carrier for the services and an itemized bill will not be available unless required by state law. I understand that the amounts I pay under the Cash Pay Rate will not be applied to or count toward any deductible or other cost-sharing obligations I may have under my health insurance plan*

Date: \_\_\_\_\_ Patient/Guarantor Signature: \_\_\_\_\_

Date: \_\_\_\_\_ Facility Representative: \_\_\_\_\_

DATE:

TO: VP Finance – Region

FROM: Hospital/Tenet Facility CFO

SUBJECT: Cash Pay Rate Proposal for [TENET FACILITY]

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[TENET FACILITY] would like to offer cash pricing to its uninsured patients at its outpatient imaging center. This is a practice common to outpatient imaging centers and is needed to service the community.

Uncomplicated Pricing Schedule

The [TENET FACILITY] management team decided on a schedule that was both simple and comprehensive to quote prices in each major modality category. These prices could be easily identified, quoted and collected.

Cash Pay Pricing Schedule

Attached is the Proposed Cash Pay Schedule for [TENET FACILITY] which will be used for all patients eligible per the Cash Pay policy. The schedule shows the Medicare reimbursement (technical rate), and the proposed Cash Pay Pricing rate. The proposed cash pay rate was set so that an incremental profit margin was achieved for each procedure. .

The proposed Cash Pay Pricing rate was established using the guidelines set forth by the Tenet Cash Pay Rate Policy. Under the policy, the cash pay rates must be set at or above “cost” and Medicare.

Description	Previous DIC Self Pay Rate	Medicare Rate (Avg)	Proposed Flat Rate	Cost
MRI - WITHOUT CONTRAST		\$328	\$330	\$189
MRI - WITH CONTRAST		\$378	\$400	\$230
MRI - WITH & WITHOUT CONTRAST		\$484	\$500	\$246
CT - WITHOUT CONTRAST		\$176	\$200	\$58
CT - WITH CONTRAST		\$269	\$275	\$71
CT - WITH & WITHOUT CONTRAST		\$290	\$300	\$98
Ultrasound		\$96	\$125	\$95
X-Ray		\$58	\$75	\$54

\*\*\* Estimated Costs provided through Showcase (Fixed + Variable Cost Only)

I would appreciate your review and approval of the proposed pricing schedule for [TENET FACILITY’S] outpatient imaging center. Upon your acceptance we will proceed with implementation.



DATE:

TO: VP Finance – Region

FROM: Hospital/Tenet Facility CFO

SUBJECT: Cash Pay Rate Proposal for [TENET FACILITY]

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[TENET FACILITY] would like to offer cash pricing to its uninsured patients at its outpatient imaging center. This is a practice common to outpatient imaging centers and is needed to service the community.

The [TENET FACILITY] team evaluated several Methods of setting a price but ultimately decided on keeping a simple rate schedule with varying prices based on whether contrast was used or not, and by modality. The team also decided to provide a global fee to include the radiologist's fee as well. This will allow us to better service our patient community and compete with free standing imaging centers.

#### Uncomplicated Pricing Schedule

The [TENET FACILITY] management team decided on a schedule that was both simple and comprehensive to quote prices in each major modality category. These prices could be easily identified, quoted and collected.

#### Professional Fee Payment Rate

The team decided that a flat percentage payment to the radiology group would be most practical from an administrative and maintenance perspective. We would know that payment was made when we forwarded the payment to the radiologists without having to track payment plans etc. Periodically, weekly or monthly, a report of cash pay collections will be generated and a check request will be created based on the radiologist percentage.

The team evaluated industry standards, current practice and Medicare comparisons to set the fee for a global cash pay cash price. A fair market value (FMV) study was established to validate the professional compensation to be 15%-18% of collections. This has been incorporated in the current radiologist service agreement.

#### Cash Pay Pricing Schedule

Attached is the Proposed Cash Pay Schedule for [TENET FACILITY] which will be used for all patients eligible per the Cash Pay policy. The schedule shows the combined global Medicare reimbursement (technical rate and pro fee), the estimated global cost, and the proposed Cash Pay Pricing rate. The proposed cash pay rate was set so that an incremental profit margin was achieved for each procedure. The final posted schedule will only include the global Cash Pay Price.

The proposed Cash Pay Pricing rate was established using the guidelines set forth by the Tenet Cash Pay Rate Policy. Under the policy, the cash pay rates must be set at or above “cost” and Medicare.

Description	Previous DIC Self Pay Rate	Medicare Rate (Avg)	Medicare Profee (Avg)	Total Medicare	Cost + Radiologist Fee	Proposed Flat Rate	Cost
MRI - WITHOUT CONTRAST		\$328	\$75	\$403	\$257	\$450	\$189
MRI - WITH CONTRAST		\$378	\$75	\$454	\$305	\$500	\$230
MRI - WITH & WITHOUT CONTRAST		\$484	\$108	\$593	\$342	\$640	\$246
CT - WITHOUT CONTRAST		\$176	\$58	\$235	\$96	\$250	\$58
CT - WITH CONTRAST		\$269	\$63	\$332	\$122	\$340	\$71
CT - WITH & WITHOUT CONTRAST		\$290	\$76	\$365	\$154	\$375	\$98
Ultrasound		\$96	\$37	\$132	\$115	\$135	\$95
X-Ray		\$58	\$15	\$73	\$67	\$85	\$54

**\*\*\* Estimated Costs provided through Showcase (Fixed + Variable Cost Only) plus the professional cost component of 15% of the global rate**

I would appreciate your review and approval of the proposed pricing schedule for [TENET FACILITY’S] outpatient imaging center. Upon your acceptance we will proceed with implementation.