1. **Policy Statement**

   This policy provides guidance to employees and independent contractors of the schools, departments and units that are a part of Rutgers Biomedical and Health Sciences and other Rutgers University schools, units and departments that bill federal or state programs for healthcare-related goods or services (“Related Healthcare Entity” or “Related Healthcare Entities”) as to the appropriateness of Professional Courtesies for Healthcare Services.

2. **Reason for Policy**

   To establish a policy to govern the practice of Related Healthcare Entities offering professional courtesies to patients.

3. **Who Should Read This Policy**

   This policy applies to and should be read by employees of the schools, departments and units that are a part of Rutgers Biomedical and Health Sciences (RBHS) and other University schools, units and departments that bill federal or state programs for patient goods or services (“Related Healthcare Entity” or “Related Healthcare Entities”). The employees of other University departments that support the Related Healthcare Entities in contracting for goods and services, including but not limited to Rutgers Finance and the Office of the Senior Vice President and General Counsel should also read this policy.

4. **Related Documents**

   EXHIBIT
   Regulatory Guidelines
   - Medicare, Medicaid, and other federal and state programs
- Other Payers

A. Under Medicare and other federal and state programs, and based on the Health Portability and Accountability Act ("HIPAA"), effective January 1, 1997, the act of discounting services constitutes a violation of federal law and may subject the physician to civil penalties.

Specifically, Section 231 (h) of HIPAA provides for the imposition of civil monetary penalties against any person who offers or transfers remuneration to any individual eligible for benefits under Federal health care programs (including Medicare or Medicaid) that such person knows or should know is likely to influence such individual to order or receive from a particular provider, practitioner, or supplier any item or service for which payment may be made, in whole or in part, [by a Federal health care program].

Section 231 (h) defines "remuneration" as including the waiver or coinsurance and deductible amounts or any part thereof. The exceptions for waiving co-insurance or deductibles are: if it has been determined that the patient is in financial need or if the co-insurance or deductibles cannot be collected after making reasonable collection efforts.

B. Other payers view the practice of submitting insurance claims based on a physician’s or healthcare provider’s actual charges and then failing to seek payment from the patient for the co-pay, deductible and/or remaining balance, as a fraudulent misrepresentation of charges. The practice of waiving co-insurance or deductibles results in an “overstatement” of the physician’s charges, since the charge includes an amount that the patient is not being asked to pay. If the payer considers this a misrepresentation of the Related Healthcare Entity’s charges they could legally reduce reimbursement by the discounted amount. Additionally, there are issues relative to discrimination and violation of contracts.

5. Contacts

Chief Healthcare Compliance Officer: 973-972-8093
Office of the Senior Vice President and General Counsel: 848-932-7697
Office of the Senior Vice President of Finance and Administration: 848-932-5661

6. The Policy

100.2.9 PROFESSIONAL COURTESIES FOR HEALTH SERVICES

Pursuant to the current regulatory guidelines and provisions (EXHIBIT), University healthcare providers are prohibited from offering professional courtesies to their patients in the form of discounts or waivers of deductibles or insurance co-payments. All University healthcare providers submitting a charge for services provided to any patient must submit that charge according to the established charge schedule and payment collected should include the co-payments, deductibles and balances after insurance.
EXHIBIT

Regulatory Guidelines

A. Under Medicare and other federal and state programs, and based on the Health Portability and Accountability Act ("HIPAA"), effective January 1, 1997, the act of discounting services constitutes a violation of federal law and may subject the physician to civil penalties. Specifically, Section 231 (h) of HIPAA provides for the imposition of civil monetary penalties against any person who offers or transfers remuneration to any individual eligible for benefits under Federal health care programs (including Medicare or Medicaid) that such person knows or should know is likely to influence such individual to order or receive from a particular provider, practitioner, or supplier any item or service for which payment may be made, in whole or in part, [by a Federal health care program].

Section 231 (h) defines “remuneration” as including the waiver or coinsurance and deductible amounts or any part thereof. The exceptions for waiving co-insurance or deductibles are: if it has been determined that the patient is in financial need or if the co-insurance or deductibles cannot be collected after making reasonable collection efforts.

B. Other payers view the practice of submitting insurance claims based on a physician’s or healthcare provider’s actual charges and then failing to seek payment from the patient for the co-pay, deductible and/or remaining balance, as a fraudulent misrepresentation of charges. The practice of waiving co-insurance or deductibles results in an “overstatement” of the physician’s charges, since the charge includes an amount that the patient is not being asked to pay. If the payer considers this a misrepresentation of UMDNJ’s the Related Healthcare Entity’s charges they could legally reduce reimbursement by the discounted amount. Additionally, there are issues relative to discrimination and violation of contracts.