



Kaweah Delta Health Care District

ADMINISTRATIVE POLICY MANUAL

Effective Date: 02/13/12	Policy #: AP.123
Supersedes Policy Dated: 04/11/11	Date Last Reviewed: 02/13/12
FINANCIAL ASSISTANCE PROGRAM FULL CHARITY AND PARTIAL DISCOUNT PROGRAMS	

Purpose: Kaweah Delta Health Care District (KDHCD) serves all persons within District boundaries and the surrounding region. As a regional hospital provider, KDHCD is dedicated to providing high-quality, customer-oriented and financially-strong healthcare services that meet the needs of those we serve. Providing patients with opportunities for Financial Assistance coverage for healthcare services is also an essential element of fulfilling the KDHCD mission. This policy defines the KDHCD Financial Assistance Program, its criteria, systems, and methods.

California acute care hospitals must comply with Health & Safety Code Section 127400 et seq., including requirements for written policies providing discounts and charity care to financially-qualified patients. This policy is intended to exceed such legal obligations and provides for both charity care and discounts to patients who financially qualify under the terms and conditions of the KDHCD Financial Assistance Program.

The Finance Department has responsibility for general accounting policies and procedures. Included within this purpose is a duty to ensure the consistent timing, recording and accounting treatment of transactions at KDHCD. This includes the handling of patient accounting transactions in a manner that supports the mission and operational goals of KDHCD.

Scope: This policy pertains to Financial Assistance provided by KDHCD. All requests for Financial Assistance from patients, patient families, physicians or hospital staff shall be addressed in accordance with this policy.

Introduction:

KDHCD strives to meet the health care needs of all patients who seek inpatient, outpatient and emergency services where if not treated promptly would lead to an adverse change in health status. KDHCD is committed to providing access to Financial Assistance programs when patients are uninsured or underinsured and may need help in paying their hospital bill. These programs include government sponsored coverage programs, charity care and discount partial charity care as defined herein.

Full Charity Care and Discount Partial Charity Care Defined

Full Charity Care is defined as any necessary¹ inpatient or outpatient hospital service provided to a patient who has an income below 200% of the current

¹ Necessary services are defined as any hospital inpatient, outpatient, or emergency medical care that if not treated

Federal poverty level (FPL), is unable to pay for care and who has established qualification in accordance with requirements contained in the KDHCDC Financial Assistance Policy.

Discount Partial Charity Care is defined as any necessary inpatient or outpatient hospital service provided to a patient who is uninsured or underinsured and 1) desires assistance with paying their hospital bill; 2) has an income at or below 600% of the FPL; and 3) who has established qualification in accordance with requirements contained in the KDHCDC Financial Assistance Policy.

Depending upon individual patient eligibility, Financial Assistance may be granted for full charity care or discount partial charity care. Financial assistance may be denied when the patient or other responsible family representative does not meet the KDHCDC Financial Assistance Policy requirements.

Full Charity Care and Discount Partial Charity Care Reporting

KDHCDC will report actual Charity Care provided in accordance with regulatory requirements of the Office of Statewide Health Planning and Development (OSHPD) as contained in the Accounting and Reporting Manual for Hospitals, Second Edition. To comply with applicable regulations, KDHCDC will maintain written documentation regarding its Charity Care criteria, and for individual patients, KDHCDC will maintain written documentation regarding all Charity Care determinations. As required by OSHPD, Charity Care provided to patients will be recorded on the basis of actual charges for services rendered.

KDHCDC will provide OSHPD with a copy of this Financial Assistance Policy which includes the full charity care and discount partial charity care policies within a single document. The Financial Assistance Policy also contains: 1) all eligibility and patient qualification procedures; 2) the unified application for full charity care and discount partial charity care; and 3) the review process for both full charity care and discount partial charity care. These documents shall be supplied to OSHPD every two years or whenever a significant change is made.

Full and Discount Eligibility: General Process and Responsibilities

Any uninsured patient whose family² income is less than 600% of the current federal poverty level may be eligible for Financial Assistance. Any patient with Third Party coverage whose family income is less than 200% of the current federal poverty level may be eligible for Financial Assistance. Additionally, patients who have catastrophic medical events may also be eligible for assistance regardless of their family's income.

promptly would result in an adverse change in health status and is not entirely elective for patient comfort and/or convenience.

² A patient's family is defined as: 1) For persons 18 years of age and older: spouse, domestic partner and dependent children under 21 years of age, whether living at home or not; and 2) For persons under 18 years of age: parent, caretaker relatives and other children under 21 years of age of the parent or caretaker relative.

The KDHCD Financial Assistance Program utilizes a single, unified patient application for both Full Charity Care and Discount Partial Charity Care. The process is designed to give each applicant an opportunity to receive the maximum Financial Assistance benefit for which they may qualify. The Financial Assistance application provides patient information necessary for determining patient qualification by KDHCD and such information will be used to qualify the patient or family representative for maximum coverage under the KDHCD Financial Assistance Program.

Eligible patients may qualify for the KDHCD Financial Assistance Program by following application instructions and making every reasonable effort to provide KDHCD with documentation and health benefits coverage information such that KDHCD may make a determination of the patient's qualification for coverage under the program. Eligibility alone is not an entitlement to coverage under the KDHCD Financial Assistance Program. KDHCD must complete a process of applicant evaluation and determine coverage before full charity care or discount partial charity care may be granted.

The KDHCD Financial Assistance Program relies upon the cooperation of individual patients who may be eligible for full or partial assistance. To facilitate receipt of accurate and timely patient financial information, KDHCD will use a Financial Assistance application. All patients unable to demonstrate financial coverage by third party insurers will be offered an opportunity to complete the Financial Assistance application.

Uninsured patients will also be offered information, assistance and referral to government-sponsored programs for which they may be eligible such as Medi-Cal, Victims of Crime, and TCMS. A denial from these programs may be required before Financial Assistance can be granted. Insured patients who are unable to pay their patient liabilities after their insurance has paid, or those who experience high medical costs may also be eligible for Financial Assistance.

The Financial Assistance application must be completed within 90 days of discharge. Financial Assistance. The application form may be completed prior to service, during a patient stay, or within 90 days after services are completed (discharged).

Completion of a Financial Assistance application provides:

- Information necessary for KDHCD to determine if the patient has income sufficient to pay for services;
- Documentation useful in determining qualification for Financial Assistance; and
- An audit trail documenting KDHCD's commitment to providing Financial Assistance.

A completed Financial Assistance application is not required if the KDHCD Patient Financial Services Director determines it has sufficient patient financial information from which to make a Financial Assistance qualification decision.

PROCEDURES:

Qualification: Full Charity Care and Discount Partial Charity Care

Qualification for full or discount partial Financial Assistance shall be determined solely by the patient's and/or patient family representative's ability to pay. Qualification for Financial Assistance shall not be based in any way on age, gender, sexual orientation, ethnicity, national origin, veteran status, disability or religion.

The patient and/or patient family representative who requests assistance in meeting their financial obligation to KDHCD shall make every reasonable effort to provide information necessary for KDHCD to make a Financial Assistance qualification determination. KDHCD will provide guidance and/or direct assistance to patients or their family representative as necessary to facilitate completion of program applications. Completion of the Financial Assistance application and submission of any or all required supplemental information may be required for establishing qualification for the Financial Assistance Program.

Financial Assistance Program qualification is determined after the patient and/or patient family representative establishes eligibility according to criteria contained in this policy. While Financial Assistance shall not be provided on a discriminatory or arbitrary basis, KDHCD retains full discretion, consistent with laws and regulations, to establish eligibility criteria and determine when a patient has provided sufficient evidence of qualification for Financial Assistance.

Patients or their family representative may complete an application for the Financial Assistance Program. The application and required supplemental documents are submitted to the Patient Financial Services Department at KDHCD. This office shall be clearly identified on the application instructions.

KDHCD will provide personnel who have been trained to review Financial Assistance applications for completeness and accuracy. Application reviews will be completed as quickly as possible considering the patient's need for a timely response.

A Financial Assistance determination will be made only by approved KDHCD personnel according to the following levels of authority:

- Coordinator, Patient Financial Services: Accounts less than \$1,000
- Manager, Patient Financial Services: Accounts less than \$10,000
- Director of Patient Financial Services: Accounts less than \$100,000
- Chief Financial Officer: Accounts greater than \$100,000

Factors considered when determining whether an individual is qualified for Financial Assistance pursuant to this policy may include:

- No insurance under any government-coverage program or other third-party insurer;
- Family income based upon tax returns or recent pay stubs
- Family size

Qualification criteria are used in making each individual case determination for coverage under the KDHCD Financial Assistance Program. Financial assistance will be granted based upon each individual determination of financial need in accordance with the Financial Assistance Program eligibility criteria contained in this policy.

Financial Assistance Program qualification may be granted for full charity care (100% free services) or discount partial charity care (charity care of less than 100%), depending upon the patient or family representative's level of eligibility as defined in the criteria of this Financial Assistance Program Policy.

Once determined, Financial Assistance Program qualification will apply to the specific services and service dates for which application has been made by the patient and/or patient family representative. In cases of continuing care relating to a patient diagnosis, which requires on-going, related services, KDHCD, at its sole discretion, may treat continuing care as a single case for which qualification applies to all related on-going services provided by KDHCD. Other pre-existing patient account balances outstanding at the time of qualification determination by KDHCD will be included as eligible for write-off at the sole discretion of KDHCD management

Patient obligations for Medi-Cal/Medicaid share of cost payments will not be waived under any circumstance. However, after collection of the patient share of cost portion, any other unpaid balance relating to a Medi-Cal/Medicaid share of cost patient may be considered for Charity Care.

Patients at or below 350% of the FPL will not pay more than Medicare would typically pay for a similar episode of service. This shall apply to all necessary hospital inpatient, outpatient and emergency services provided by KDHCD.

Full and Discount Partial Charity Care Income Qualification Levels

1. If the patient's family income is 200% or less of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the entire (100%) patient liability portion of the bill for services will be written off.
2. If the patient's family income is between 201% and 350% of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the following will apply:

- Patient's care is not covered by a Third-Party payer³. If the services are not covered by any third-party payer so that the patient ordinarily would be responsible for the full-billed charges, the patient's payment obligation will be a percentage of the gross amount the Medicare program would have paid for the service if the patient were a Medicare beneficiary. The actual percentage paid by any individual patient shall be based on the sliding scale shown in Table 1 below:

TABLE 1
Sliding Scale Payment Schedule

Family Percentage of FPI	Percentage of Medicare Amount Payable
201 – 250%	30%
251 – 300%	50%
301 – 350%	85%

- Patient's care is covered by a third-party payer: If the patient's care is covered by a third-party payer, the patient's payment obligation will be any or all amounts outstanding for deductible or co-payment responsibilities as defined by the patient's third party coverage.
3. If the patient's family income is between 351% and 600% of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the following will apply:
- Patient's care is not covered by a third-party payer. If the services are not covered by any third-party payer so that the patient ordinarily would be responsible for the full-billed charges, the total patient payment obligation will be 110% above the hospital specific total gross amount that Medicare would have paid for the service if the patient were a Medicare beneficiary
 - Patient's care is covered by a third-party payer: If the patient's care is covered by a third-party payer, the patient's payment obligation will be any or all amounts outstanding for deductible or co-payment responsibilities as defined by the patient's third party coverage.

Payment Plans

When a determination of discount partial charity has been made by KDHCD, the patient shall have the option to pay any or all outstanding amount due in one lump-sum payment, or through a scheduled-term payment plan.

³ i.e. Medi-Cal, Medicare, Home Owners insurance, Commercial Insurance, etc.
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KDHCD will discuss payment plan options with each patient that requests to make arrangements for term payments. Individual payment plans will be arranged based upon the patient's ability to effectively meet the payment terms. As a general guideline, payment plans will be structured to last no longer than 12 months. KDHCD shall negotiate in good faith with the patient; however, there is no obligation to accept the payment terms offered by the patient. No interest will be charged to qualified patient accounts for the duration of any payment plan arranged under the provisions of the Financial Assistance Policy.

Special Circumstances

Any evaluation for Financial Assistance relating to patients covered by the Medicare Program must include a reasonable analysis of all patient assets, liabilities, income and expenses, prior to eligibility qualification for the Financial Assistance Program. Such Financial Assistance evaluations must be made prior to service completion by KDHCD.

If the patient is determined to be homeless, he/she will be deemed eligible for charity care.

Deceased patients who do not have any third-party coverage, an identifiable estate or for whom no probate hearing is to occur, shall be deemed eligible for charity care.

Patients seen in the emergency department, for whom KDHCD is unable to issue a billing statement, may have the account charges written off as Charity Care. All such circumstances shall be identified on the patient's account notes as an essential part of the documentation process.

Other Eligible Circumstances

KDHCD deems those patients that are eligible for government-sponsored low-income assistance programs (e.g. Medi-Cal/Medicaid, Healthy Families, California Children's Services and any other applicable state or local low-income program) to be indigent. Therefore, such patients are eligible under the Financial Assistance Policy when payment is not made by the governmental program. For example, patients who qualify for Medi-Cal/Medicaid as well as other programs serving the needs of low-income patients (e.g. CHDP, Healthy Families, and CCS) where the program does not make payment for all services or days during a hospital stay, are eligible for Financial Assistance Program coverage. Under KDHCD's Financial Assistance Policy, these types of non-reimbursed patient account balances are eligible for full write-off as Charity Care. Specifically included as Charity Care are charges related to denied stays, denied days of care, and non-covered services. All Treatment Authorization Request (TAR) denials and any lack of payment for non-covered services provided to Medi-Cal/Medicaid and other patients covered by qualifying low-income programs, and other denials (e.g. restricted coverage) are to be classified as Charity Care.

The portion of Medicare patient accounts (a) for which the patient is financially responsible (coinsurance, deductibles, and non-covered services amounts), (b) which is not covered by insurance or any other payer including Medi-Cal/Medicaid, and (c) which is not reimbursed by Medicare as a bad debt, may be classified as charity care if:

1. The patient is a beneficiary under Medi-Cal/Medicaid or another program serving the health care needs of low-income patients; or
2. The patient otherwise qualifies for Financial Assistance under this policy and then only to the extent of the write-off provided for under this policy.

Any patient whose income exceeds 600% and experiences a catastrophic medical event may be deemed eligible for Financial Assistance. Such patients, who have high incomes do not qualify for routine full charity care or discount partial charity care. However, consideration as a catastrophic medical event may be made on a case-by-case basis. The determination of a catastrophic medical event shall be based upon the amount of the patient liability at billed charges, and consideration of the individual's income and assets as reported at the time of occurrence. Management shall use reasonable discretion in making a determination based upon a catastrophic medical event. As a general guideline, any account with a patient liability for services rendered that exceeds \$75,000 may be considered for eligibility as a catastrophic medical event.

Any account returned to KDHCD from a collection agency that has determined the patient or family representative does not have the resources to pay his or her bill, may be deemed eligible for Charity Care. Documentation of the patient or family representative's inability to pay for services will be maintained in the Charity Care documentation file.

Criteria for Re-Assignment from Bad Debt to Charity Care

All outside collection agencies contracted with KDHCD to perform account follow-up and/or bad debt collection will utilize the following criteria to identify a status change from bad debt to charity care:

- Patient accounts must have no applicable insurance (including governmental coverage programs or other third-party payers); and
- The patient or family representative must have a credit score rating within the lowest 25th percentile of credit scores for any credit evaluation method used; and
- The patient or family representative has not made a payment within 150 days of assignment to the collection agency;

- The collection agency has determined that the patient/family representative is unable to pay; and/or
- The patient or family representative does not have a valid Social Security Number and/or an accurately stated residence address in order to determine a credit score

All accounts returned from a collection agency for re-assignment from Bad Debt to Charity Care will be evaluated by KDHCD personnel prior to any re-classification within KDHCD's accounting system and records.

Notification

Once a determination of eligibility is made, a letter indicating the determination status will be sent to the patient or family representative. The determination status letter will indicate one of the following:

- Approval: The letter will indicate the account has been approved, the level of approval and any outstanding amount owed by the patient. KDHCD staff will use Financial Class "U" with Insurance Plan Code "C12" to identify these accounts.
- Denial: The reasons for denial of the Financial Assistance application will be explained to the patient. Any outstanding amount owed by the patient will also be identified.
- Pending: The applicant will be informed as to why the Financial Assistance application is pending or incomplete. All outstanding information will be identified and requested to be supplied to KDHCD by the patient or family representative. If the requested information is not provided to KDHCD within the time specified the application may be denied.

Dispute Resolution

In the event that a dispute arises regarding qualification, the patient may file a written appeal for reconsideration with KDHCD. The written appeal should contain a complete explanation of the patient's dispute and rationale for reconsideration. Any or all additional relevant documentation to support the patient's claim should be attached to the written appeal.

Any or all appeals will be reviewed by KDHCD's Director of Patient Financial Services. The Director shall consider all written statements of dispute and any attached documentation. After completing a review of the patient's claims, the Director shall provide the patient with a written explanation of findings and determination.

In the event that the patient believes a dispute remains after consideration of the appeal by the Director of Patient Financial Services, the patient may request in writing, a review by KDHCD's Chief Financial Officer. The Chief Financial Officer shall review the patient's written appeal and documentation, as well as the

findings of the Director of Patient Financial Services. The Chief Financial Officer shall make a determination and provide a written explanation of findings to the patient. All determinations by the Chief Financial Officer shall be final. There are no further appeals.

Public Notice

KDHCD shall post notices informing the public of the Financial Assistance Program. Such notices shall be posted in high volume inpatient, and outpatient service areas of KDHCD, including but not limited to the emergency department, billing office, inpatient admission and outpatient registration areas or other common patient waiting areas of KDHCD. Notices shall also be posted at any location where a patient may pay their bill. Notices will include contact information on how a patient may obtain more information on Financial Assistance as well as where to apply for such assistance.

These notices shall be posted in English and Spanish and any other languages that are representative of 5% or greater of patients in KDHCD's service area.

A copy of this Financial Assistance Policy will be made available to the public on a reasonable basis.

Confidentiality

It is recognized that the need for Financial Assistance is a sensitive and deeply personal issue for recipients. Confidentiality of requests, information and funding will be maintained for all that seek or receive Financial Assistance. The orientation of staff and selection of personnel who will implement this policy should be guided by these values.

Good Faith Requirements

KDHCD makes arrangements for Financial Assistance for qualified patients in good faith and relies on the fact that information presented by the patient or family representative is complete and accurate.

Provision of Financial Assistance does not eliminate the right to bill, either retrospectively or at the time of service, for all services when fraudulent, or purposely inaccurate information has been provided by the patient or family representative. In addition, KDHCD reserves the right to seek all remedies, including but not limited to civil and criminal damages from those patients or family representatives who have provided fraudulent or purposely inaccurate information in order to qualify for the KDHCD Financial Assistance Program.

Emergency Department Physician Billing

Physicians providing emergency medical services within the KDHCD Emergency Department are not employed by KDHCD. Charity care and discounted payment options may be available through this physician group. KDHCD can provide contact information to patient's at their request.

"These guidelines, procedures, or policies herein do not represent the only medically or legally acceptable approach, but rather are presented with the recognition that acceptable approaches exist. Deviations under appropriate circumstances do not represent a breach of a medical standard of care. New knowledge, new techniques, clinical or research data, clinical experience, or clinical or bio-ethical circumstances may provide sound reasons for alternative approaches, even though they are not described in the document."

Administrative Manual			
APPROVALS			
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