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I. **PURPOSE**

The purpose of this Policy is to define the eligibility criteria and application process for financial assistance for patients who receive healthcare services at Stanford Hospital and Clinics (SHC or hospital) and who are uninsured or underinsured.

II. **POLICY**

SHC is committed to providing financial assistance in the form of a Financial Need Discount or Charity Care (together referred to in this Policy as Financial Assistance) to uninsured and underinsured individuals who seek and obtain healthcare services from SHC but are not able to meet their payment obligations to SHC without assistance. SHC desires to provide this assistance in a manner that addresses the patients' individual financial situations, satisfies the hospital's not-for-profit and teaching missions, and meets its strategic, operational, and financial goals.

Financial Assistance is not to be considered a substitute for personal responsibility and patients are expected to cooperate with SHC's procedures for applying for Financial Assistance, and to contribute to the cost of their care based on their individual ability to pay.

In order to manage its limited resources responsibly and to allow SHC to provide the appropriate level of assistance to the greatest number of individuals and families, SHC establishes the following guidelines for the provision of Charity Care and a Financial Need Discount.

III. **DEFINITIONS**

A. **FINANCIAL ASSISTANCE PROVIDED UNDER THIS POLICY – GENERAL GUIDELINES**

1. **Eligible Services:**

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- a. Financial Assistance under this Policy shall apply to medically necessary hospital services. In addition, the Stanford University employed physicians (Stanford Physicians) have agreed that Financial Assistance under the policy shall also apply to medically necessary physician services provided at SHC by Stanford Physicians. (Patients who are treated by a physician who is not a Stanford Physician may contact their physician directly to inquire about whether financial assistance is available for physician services provided by the non Stanford Physician; such physician services are not covered by this policy.) In the event that there is uncertainty as to whether a particular service is medically necessary, a determination shall be made by the Chief Quality and Medical Information Officer of SHC. Except as specifically stated, reference to “healthcare services” in this Policy shall mean such medically necessary hospital and physician services.
- b. Services that are generally not considered to be medically necessary and are therefore not eligible for Financial Assistance include:
 - (1). Reproductive Endocrinology and Infertility services
 - (2). Cosmetic or plastic surgery services
 - (3). Vision correction services including LASEK, PRK, Conductive Keratoplasty, Intac’s corneal ring segments, Custom contoured C-CAP, and Intraocular contact lens
2. In rare situations where a physician considers one of these services to be medically necessary, such services may be eligible for Financial Assistance upon review and approval by the Chief Medical Officer of SHC. SHC reserves the right to change the list of services deemed to be not medically necessary at its discretion.
3. **Patient Eligibility for Financial Assistance – General Provisions:**
 - a. All patients who receive medically necessary hospital and physician services at SHC may apply for Financial Assistance under this Policy.
 - b. All individuals applying for Financial Assistance under this Policy are required to follow the procedures set forth in Section IV below.
 - c. SHC shall determine eligibility for Charity Care or a Financial Need Discount based upon an individual determination of financial need in accordance with this Policy, and shall not take into account an individual’s age, gender, race, immigrant status, sexual orientation or religious affiliation.

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A. CHARITY CARE

1. **Definition of Charity Care:**
 - a. Charity Care shall mean medically necessary hospital or physician services provided to a patient at no charge to the patient or his/her family.
2. **Priorities For Charity Care:**
 - b. SHC shall grant Charity Care to those patients who apply for and are deemed to be eligible for Charity Care, at its discretion and subject to the following priorities:
 - (1). First Priority: Individuals who received emergency services will receive first priority for Charity Care. (Pursuant to EMTALA the determination of eligibility for Financial Assistance cannot be made until the patient has received legally required screening and any necessary stabilizing treatment.)
 - (2). Second Priority: Individuals who have had or will have medically necessary services and for whom SHC is the closest hospital to the individual's home or place of work. (In general, if there is a county hospital in the county in which the patient lives or works, and the county hospital can provide the non-emergency service that the patient needs, the patient will be directed to that county hospital.)
 - (3). Third Priority: Individuals who have had or will have medically necessary services and for whom SHC is not the closest hospital to the patient's home or place of work, but for whom one or more of the following factors applies:
 - (a) the patient has a unique or unusual condition which requires treatment at SHC as determined by the Chief Medical Officer of SHC.
 - (b) the patient presents a teaching or research opportunity that will further the hospital's teaching missions, as determined by the Chief Medical Officer of SHC.
 - c. SHC may grant Charity Care for specialized high cost services subject to the review and approval of the Chief Medical Officer of SHC.
 - d. SHC shall establish a patient's eligibility for Charity Care in accordance with the procedures set forth in Section VI below

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B FINANCIAL NEED DISCOUNT

1. Definition of Financial Need Discount:

- a. Under the Financial Need Discount, SHC shall limit the expected payment for medically necessary hospital and physician services by a Financially Qualified Patient, as defined below, to a discounted rate comparable to SHC's government payers.
- b. SHC will extend to the Financially Qualified Patient a no interest extended payment plan with terms negotiated between SHC and the patient. The term of this loan will be based on the amount owed, the patient's financial circumstances, medical costs, and other relevant factors, and will be for no less than twelve (12) monthly payments.
- c. SHC shall establish a patient's income and eligibility for the purposes of Financial Need Discount in accordance with the procedures set forth in Section VI below, and shall grant a Financial Need Discount to those individuals who meet the definition of a Financially Qualified Patient.

2. Definition of Financially Qualified Patient:

- a. A Financially Qualified Patient is an individual who meets the criteria set forth in both (1) and (2) below:
 - (1). The individual's family income does not exceed four hundred percent (400%) of the federal poverty level (FPL). For the purposes of this Policy, a patient's "family" means:
 - (a) For an individual 18 years of age and older, that individual's spouse, domestic partner and dependent children under 21 years of age, whether living at home or not.
 - (b) For an individual under 18 years of age, that individual's parent, caretaker, relatives and other children of the parent, caretaker or relative who are under 21 years.
 - (2). The individual is a patient who is either "self-pay" or has "high medical costs." For the purposes of this Policy a patient is:
 - (a) A "self-pay" patient because s/he does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medi-Cal, and does not have an injury that is compensable for the purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by SHC.

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- (b) A “patient with high medical costs” because the patient’s family income, as “family” is defined above, does not exceed 400% FPL if that patient does not receive a discounted rate from the hospital as a result of his or her third-party coverage and who has high medical costs. For these purposes, “high medical costs” means:
 - i. Annual out-of-pocket costs incurred by the individual at the hospital that exceed ten percent (10%) of the patient’s family income in the prior 12 months.
 - ii. Annual out-of-pocket expenses that exceed ten percent (10%) of the patient’s family income, if the patient provides documentation of the patient’s medical expenses paid by the patient’s family in the prior 12 months.

IV. PROCEDURE

A PROCEDURES FOR APPLYING FOR FINANCIAL ASSISTANCE

1. Procedures For All Applicants

- a. The following definitions shall apply to an application for Charity Care and Financial Need Discount.
 - (1). The term “patient” shall also mean the patient’s “family.” A patient’s “family” means:
 - (a) For an individual 18 years of age and older, that individual’s spouse, domestic partner and dependent children under 21 years of age, whether living at home or not.
 - b) For an individual under 18 years of age, that individual’s parent, caretaker, relatives and other children of the parent, caretaker or relative who are under 21 years.
 - (2). The term “income” shall mean the annual family earnings and cash benefits from all sources before taxes, less payments made for alimony and child support. Proof of earnings may be determined by annualizing year-to-date family income.
- b. Any patient who indicates an inability to pay a bill for medically necessary hospital or physician services shall be evaluated for Charity Care, other sources of funding, or a Financial Need Discount by SHC

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- Financial Counseling and Patient Financial Advocates.
- c. Any SHC employee who identifies a patient whom the employee believes does not have the ability to pay for medically necessary hospital or physician services shall inform the patient that Financial Assistance may be available and that applications are available in English and Spanish in Patient Financial Services, Patient Admitting Services, the Emergency Department, all clinics, Customer Service, Patient Advocacy, Patient Relations and Social Services. In addition, applications are available from all outside collection agencies used by SHC. Information about Financial Assistance, including a toll free contact number, shall also be provided in notices included with patient bills.
 - d. A patient may be screened initially by an SHC Financial Counselor prior to receiving services to determine whether or not the patient or family can be linked to Medi-Cal, Medicare, Healthy Family Program, California Children Services, Victims of Crime Program, Third Party Liability (TPL) or any other payer source. If the healthcare service has not yet been provided and is not an emergency, the Financial Counselor will also help the patient determine whether there is a county hospital in the county in which the patient works or resides that can provide the services.
 - e. SHC expects patients to cooperate fully in providing information necessary to apply for governmental programs such as Medicare, Medi-Cal or Healthy Families for which the patient may be eligible. In addition the patient will be asked to fill out a Financial Assistance Application.
 - f. Any patient who applies for Charity Care or a Financial Need Discount must make every reasonable effort to provide SHC documentation of income and health benefits coverage. If a patient files an Application and fails to provide information that is reasonable and necessary for SHC to make a determination as to eligibility for Charity Care or a Financial Need Discount, SHC may consider that failure in making its determination. The SHC Patient Advocacy Unit will inform patients of the consequences of failure to provide complete information on a timely basis.
 - g. In the event SHC denies Charity Care or a Financial Need Discount to a patient who has fulfilled the application requirements set forth in this Policy, the patient may seek review of that determination by contacting the Manager of Patient Financial Advocacy, who will review the matter with the Chief Financial Officer of SHC.
 - h. Unless a patient is informed otherwise, Financial Assistance provided under this Policy shall be valid for one full year beginning on the first

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day of the month of the screening. However, SHC reserves the right to reevaluate a patient's eligibility for Financial Assistance during that one year time period if there is any change in the patient's financial status.

2. **Charity Care: Information To Be Provided By Patient For Income Eligibility Determination:**

- a. A patient who applies for Charity Care shall provide to SHC the following information:
 - (1). Proof of family income, as defined above, in the form of recent pay stubs or income tax returns.
 - (2). Proof of monetary assets, except that a patient need not provide information on retirement or deferred compensation plans qualified under the Internal Revenue Code or non-qualified deferred-compensation plans.
- b. SHC may request information regarding monthly household expenses.
- c. For the purposes of determining whether a patient is eligible for Charity Care, neither the first ten thousand dollars (\$10,000.00) of the patient's monetary assets, nor fifty percent (50%) of the patient's monetary assets over the first \$10,000.00 shall be counted.
- d. SHC may require waivers or releases from a patient authorizing SHC to obtain account information from financial or commercial institutions or other entities that hold or maintain the monetary assets to verify their value.

3. **Financial Need Discount: Information To Be Provided By Patient For Income Eligibility Determination:**

- a. For purposes of determining whether a patient meets the definition of a Financially Qualified Patient, a patient must provide SHC with documentation of family income, as defined above, by providing recent pay stubs or income tax returns. The patient need not provide documentation of assets or expenses.
- b. If the patient is not a "self pay" patient as defined above in Section V.B. above, the patient must also provide documentation of his/her out of pocket costs at SHC and/or the annual out of pocket medical expenses paid by the patient in the preceding twelve (12) months. SHC will then make a determination as to whether these costs or expenses meet the definition of "high medical costs" as that term is defined in Section V.B.

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- c. A patient who is granted the Financial Need Discount will be offered a no interest, extended payment plan with terms negotiated by SHC and the patient based on the patient's financial circumstances, medical costs and other relevant factors. The minimum term of the financial plan will be twelve (12) months.

4. **Public notice concerning the availability of Financial Assistance under this Policy shall be by the following means:**

1. Notices are posted in visible locations where there are high volumes of inpatient and/or outpatient admitting/registrations, the emergency department, billing offices, admitting offices and hospital outpatient service settings.
 2. Posted notices explain that SHC has a variety of options available including financial assistance and discounts to patients who are uninsured or underinsured.
 3. Notices include a contact telephone number a patient can call to obtain more information about the Policy and to apply for Financial Assistance.
- B. The SHC website includes an explanation of the Financial Assistance/Charity Care Policy, the Uninsured Patient Discount Policy, the availability of such assistance and discounts, and a contact telephone number.
 - C. SHC billing statements inform the patient that Financial Assistance is available by contacting the SHC Customer Service Center.
 - D. SHC will reimburse patients any amount actually paid in excess of the amount due under this Policy, including interest. Interest is paid at a rate of 10% per annum and accrues from the date SHC receives payment from the patient. SHC will give the patient a credit for the amount due for at least 60 days from the date the amount is due. This Section IV.D does not apply to amounts of less than five dollars.

V. COMPLIANCE

- A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at SHC are responsible for ensuring that individuals comply with this policy;
- B. Violations of this policy will be reported to the Department Manager and any other appropriate Department as determined by the Department Manager or in accordance with hospital policy. Violations will be investigated to determine

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the nature, extent, and potential risk to the hospital. Workforce members who violate this policy will be subject to the appropriate disciplinary action up to and including termination.

VI. RELATED DOCUMENTS

- A. SHC Financial Assistance Application
- B. SHC Federal Poverty Guidelines
- C. SHC Financial Assistance Approval Matrix
- D. SHC Reviewing Financial Assistance Applications - Advocacy Checklist

VII. DOCUMENT INFORMATION

- A. Legal Authority/References
California Health and Safety Code Sections 127400 to 127446
California Code of Regulations, Title 22
- B. Author/Original Date
October 2004, David Haray, Vice President, Patient Financial Services
- C. Gatekeeper of Original Document
SHC Administrative Manual Coordinator and Editor
- D. Review and Renewal Requirements
This Policy will be reviewed every three years and as required by change of law or practice. Any changes to the Policy must be approved by the same entities or persons who provided initial approval.
- E. Review and Revision History
October 2004, Shoshana Williams, Director, Patient Financial Services
October 2004, David Haray, Vice President, Patient Financial Services
April 2005, David Haray, Vice President, Patient Financial Services
January 2007, Office of General Counsel
January 2007, T. Harrison, Director of Patient Representatives
June, 2007, Sarah DiBoise, Chief Hospital Counsel, Gary May, VP Managed Care SUMC, David Haray, VP Patient Financial Services, SUMC
January 2010, David Haray, Vice President, Patient Financial Services
March 2011, Sarah Diboise, Chief Hospital Counsel
- F. Approvals
September 2005, David Haray, VP Patient Financial Services

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January 2007, S. DiBoise, Chief Hospital Counsel
February 2007, SHC Core Oversight Group
August 2007, SHC Core Operations Group
September 2007, Reviewed by SHC Board of Directors
August 2010, SHC Operations Group
May 2011, SHC Operations Group

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