

**CHILDREN'S HOSPITAL & RESEARCH CENTER OAKLAND**  
**CHARITY CARE AND DISCOUNT PAYMENT POLICY**

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The charity care and discount payment policy provided herein is intended to comply with 2006 California Assembly Bill 774 and Assembly bill 1503(Health and Safety Code §127400 and following)concerning the billing for services to certain financially qualified low income or moderate income patients/families.

I. DEFINITIONS

As used in this policy, the following terms have the following meanings:

(a) "Allowance for financially qualified patient" means, with respect to services rendered to a financially qualified patient, an allowance that is applied after the hospital's charges are imposed on the patient, due to the family's determined financial inability to pay the charges.

(b) "Federal poverty level" means the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code.

(c) "Financially qualified patient" means a patient who is both of the following:

(1) A patient who is a self-pay patient, as defined in subdivision (f) or a patient with high medical costs, as defined in subdivision (g).

(2) A patient who has a family income that does not exceed 350 percent of the federal poverty level.

(d) "Hospital" means any facility that is required to be licensed under subdivision (a), (b), or (f) of Section 1250, except a facility operated by the State Department of Mental Health or the Department of Corrections.

(e) "Office" means the Office of Statewide Health Planning and Development.

(f) "Self-pay patient" means a patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medicaid, and whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital. Self-pay patients may include charity care patients.

(g) "A patient with high medical costs" means a person whose family income does not exceed 350 percent of the federal poverty level, as defined in subdivision (c), if that individual does not receive a discounted rate from the hospital as a result of his or her third-party coverage. For these purposes, "high medical costs" means any of the following:

(1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed 10

percent of the patient's family income in the prior 12 months.

(2) Annual out-of-pocket expenses that exceed 10 percent of the patient's family income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's family in the prior 12 months.

(3) A lower level determined by the hospital in accordance with the hospital's charity care policy.

(h) "Patient's family" means the following:

(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.

(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.

## II. ELIGIBILITY

(a) Uninsured patients or patients with high medical costs who are at or below 350 percent of the federal poverty level, as defined above, shall be eligible to apply for participation in Children's charity care and discount payment policy and *be eligible for free care*. At its discretion, Children's may also choose to grant eligibility for its charity care and discount payment policy to patients with family incomes over 350 % of the federal poverty level. *Patients who are at between 400% and 550% of the federal poverty level will qualify for discount*. In the event of a dispute, a patient's family may seek review from the Children's business manager or chief financial officer.

(b) The discount payment policy also includes an extended payment plan to allow payment of the discounted price over time. Children's and the patient's family may negotiate the terms of the payment plan.

(c) In determining eligibility under the charity care policy, Children's may consider income and monetary assets of the patient's family. For purposes of this determination, monetary assets shall not include retirement or deferred-compensation plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans. Furthermore, the first ten thousand dollars (\$ 10,000) of a patient's family monetary assets shall not be counted in determining eligibility, nor shall 50 percent of a patient's family monetary assets over the first ten thousand dollars (\$ 10,000) be counted in determining eligibility.

(d) Children's limits expected payment for services to patients whose families are at or below 350 percent of the federal poverty level, eligible under the discount payment policy, to the amount of payment Children's would receive from Medicare, Medi-Cal, Healthy Families, or any other government-sponsored health program of health benefits in which the hospital participates, whichever is greater. If Children's provides a service for which there is no established payment by Medicare or any other government-sponsored program of health benefits in which the hospital participates, Children's shall establish an appropriate discounted payment.

(e) Any patient, or patient's legal representative, for whom a request is made for a discounted payment, charity care, or other assistance in meeting their financial obligation to Children's shall make every reasonable effort to provide Children's with documentation of income and health benefits coverage. If the person requests a discounted payment and fails to provide information that is reasonable and necessary for Children's to make a determination, Children's may consider that failure in making its determination.

(1) For the purpose of determining eligibility for discounted payment, documentation of income shall be limited to recent pay stubs and/or income tax returns in certain cases.

(2) For purpose of determining eligibility for charity care, documentation of assets may include information on all monetary assets, but shall not include statements on retirement or deferred-compensation plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans. Children's may require waivers of releases from the patient or the patient's family, authorizing Children's to obtain account information from financial or commercial institutions, or other entities that hold or maintain the monetary assets to verify their value. Information obtained pursuant to this paragraph regarding the assets of the patient of the patient's family shall not be used for collection activities.

(3) Eligibility for discounted payments or charity care may be determined at any time Children's is in receipt of information specified in paragraph (1) or paragraph (2), respectively.

### III. NOTICE

(a) Children's will provide patients/families with written notice about availability of Children's charity care and discount payment policy, including information about eligibility, as well as contact information for a hospital employee or office from which the person may obtain further information about this policy.

(b) This written notice shall be provided in addition to the estimate provided pursuant to Section 1339.585<sup>1</sup> of the Health and Safety Code.

(c) The notice shall also be provided to patients/families who receive emergency or outpatient care and who may be billed for that care, but who were not admitted.

(d) The notice shall be provided in English, and in languages other than English. The languages to be provided shall be determined in a manner similar to that required pursuant to Section 12693.30<sup>2</sup> of the Insurance Code.

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<sup>1</sup> § 1339.585 provides as follows: Upon the request of a person without health coverage, a hospital shall provide the person with a written estimate of the amount the hospital will require the person to pay for the health care services, procedures, and supplies that are reasonably expected to be provided to the person by the hospital, based upon an average length of stay and services provided for the person's diagnosis. This section shall not apply to emergency services provided (§ 1317).

<sup>2</sup> § 12693.30 cites to Gov. Code § 7290 et seq. , which provides as follows: Any materials explaining services available shall be translated into any non-English language spoken by a substantial number of the public served by the agency (§ 7295). A "substantial number of non-English-speaking people" are members of a group who either do not speak English, or who are unable to effectively communicate in English because it is not their native language, and who comprise 5 percent or more of the people served by any local office or facility of a state agency (§ 7296.5).

(e) Written correspondence to the patient/family required by this policy shall also be in the language spoken by the patient/family, consistent with Section 12693.30 of the Insurance Code and applicable state and federal law.

(f) Notice of Children's policy for financially qualified and self-pay patients shall be clearly and conspicuously posted in locations that are visible to the public, including, but not limited to, all of the following:

- (1) Emergency department, if any.
- (2) Billing office.
- (3) Admissions office.
- (4) Other outpatient settings.

IV. INSURANCE COVERAGE OR ELIGIBILITY FOR GOVERNMENTAL PROGRAMS  
(e.g., MEDI-CAL)

(a) Children's shall make all reasonable efforts to obtain from the patient or his or her representative information about whether private or public health insurance or sponsorship may fully or partially cover the charges for care rendered by Children's to a patient, including, but not limited to, any of the following:

- (1) Private health insurance.
- (2) Medicare.
- (3) The Medi-Cal program, the Healthy Families Program, the California Children's Services Program, or other state-funded programs designed to provide health coverage.

(b) If Children's bills a patient/family who has not provided proof of coverage by a third party at the time the care is provided or upon discharge, as a part of that billing, Children's shall provide the patient/family with a clear and conspicuous notice that includes all of the following:

- (1) A statement of charges for services rendered by the hospital.
- (2) A request that the patient/family inform the hospital if the patient has health insurance coverage, Medicare, Healthy Families, Medi-Cal, or other coverage.
- (3) A statement that if the consumer does not have health insurance coverage, the consumer may be eligible for Medicare, Healthy Families, Medi-Cal, California Children's Services Program, or charity care.
- (4) A statement indicating how patients/families may obtain applications for the Medi-Cal program and the Healthy Families Program and that the hospital will provide these applications. If the patient/family does not indicate coverage by a third-party payer specified in subdivision (a), or requests a discounted price or charity care then the

hospital shall provide an application for the Medi-Cal program, the Healthy Families Program or other governmental program to the patient/family. This application shall be provided prior to discharge if the patient has been admitted or to patients receiving emergency or outpatient care.

(5) Information regarding the financially qualified patient and charity care application, including the following:

(A) A statement that indicates that if the patient/family lacks, or has inadequate, insurance, and meets certain low- and moderate-income requirements, the patient/family may qualify for discounted payment or charity care.

(B) The name and telephone number of a hospital employee or office from whom or which the patient/family may obtain information about the hospital's discount payment and charity care policy, and how to apply for that assistance.

## V. PATIENT DEBT COLLECTION

(a) Children's shall have a written policy about when and under whose authority patient/family debt is advanced for collection, whether the collection activity is conducted by the hospital, an affiliate or subsidiary of the hospital, or by an external collection agency.

(b) Children's shall establish a written policy defining standards and practices for the collection of debt, and shall obtain a written agreement from any agency that collects hospital receivables that it will adhere to Children's standards and scope of practices. The policy shall not conflict with other applicable laws and shall not be construed to create a joint venture between Children's and the external entity, or otherwise to allow Children's governance of an external entity that collects hospital receivables. In determining the amount of a debt Children's may seek to recover from patients/families who are eligible under the hospital's charity care and discount payment policy, Children's may consider only income and monetary assets as limited by the eligibility criteria above.

(c) At time of billing, Children's shall provide a written summary, which includes the same information concerning services and charges provided to all other patients who receive care at the hospital. The written summary must comply with the requirements for Notice above.

(d) For a patient that lacks coverage, or for a patient that provides information that he or she may be a patient with high medical costs, as defined in this policy, Children's, any assignee of Children's, or other owner of the patient debt, including a collection agency, shall not report adverse information to a consumer credit reporting agency or commence civil action against the patient's family for nonpayment at any time prior to 150 days after initial billing.

(e) If a patient/family is attempting to qualify for eligibility under Children's charity care and discount payment policy and is attempting in good faith to settle an outstanding bill with Children's by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, Children's shall not send the unpaid bill to any collection agency or other assignee, unless that entity has agreed to comply with this policy.

(f) Children's or other assignee which is an affiliate or subsidiary of the hospital shall not, in dealing with patients/families eligible under the hospital's charity care and discount payment policy, use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.

A collection agency or other assignee that is not a subsidiary or affiliate of Children's shall not, in dealing with any patient/family under Children's charity care and discount payment policy, use as a means of collecting unpaid hospital bills, any of the following:

(A) A wage garnishment, except by order of the court upon noticed motion, supported by a declaration filed by the movant identifying the basis for which it believes that the patient/family has the ability to make payments on the judgment under the wage garnishment, which the court shall consider in light of the size of the judgment and additional information provided by the patient prior to, or at, the hearing concerning the patient's ability to pay, including information about probable future medical expenses based on the current condition of the patient and other obligations of the patient/family.

(B) Notice or conduct a sale of the patient/family's primary residence during the life of the or his or her spouse, or during the period a child of the patient is a minor, or a child of the patient who has attained the age of majority is unable to take care of himself or herself and resides in the dwelling as his or her primary residence. In the event a person protected by this paragraph owns more than one dwelling, the primary residence shall be the dwelling that is the patient's current homestead, as defined in Section 704.710 of the Code of Civil Procedure or was the patient's homestead at the time of the death of a person other than the patient is asserting the protections of this paragraph.

This requirement does not preclude Children's, a collection agency, or other assignee from pursuing reimbursement and any enforcement remedy or remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.

(g) Any extended payment plans offered by Children's to assist patients/families eligible under the charity care and discount payment policy, or any other policies adopted by the hospital for assisting low-income patients/families with no insurance or high medical costs in settling outstanding past due hospital bills, shall be interest free.

(h) Nothing in this policy shall be construed to diminish or eliminate any protections consumers have under existing federal and state debt collection laws, or any other consumer protections available under state or federal law. This subdivision does not limit or alter the obligation of the patient/family to make payments from the first date due on the obligation owing to Children's pursuant to any contract or applicable statute, in the event that the patient/family fails to make payments for 90 days, or to renegotiate the payment plan.

## VI. APPEALS

(a) The period described above in "Patient Debt" shall be extended if the patient/family has a pending appeal for coverage of the services, until a final determination of that appeal is made, if the patient/family makes a reasonable effort to communicate with the hospital about the progress

of any pending appeals.

(b) For purposes of this section, "pending appeal" includes any of the following:

(1) A grievance against a contracting health care service plan, as described in Chapter 2.2 (commencing with Section 1340) of Division 2, or against an insurer, as described in Chapter 1 (commencing with Section 10110) of Part 2 of Division 2 of the Insurance Code.

(2) An independent medical review, as described in Section 10145.3 or 10169 of the Insurance Code.

(3) A fair hearing for a review of a Medi-Cal claim pursuant to Section 10950 of the Welfare and Institutions Code.

(4) An appeal regarding Medicare coverage consistent with federal law and regulations.

## VII. NOTICE PRIOR TO COLLECTION ACTIVITIES

(a) Prior to commencing collection activities against a patient/family, the hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency, shall provide the patient/family with a clear and conspicuous written notice containing both of the following:

(1) A plain language summary of the patient's rights pursuant to this article, the Rosenthal Fair Debt Collection Practices Act (Title 1.6C (commencing with Section 1788) of Part 4 of Division 3 of the Civil Code), and the federal Fair Debt Collection Practices Act (Subchapter V (commencing with Section 1692) of Chapter 41 of Title 15 of the United States Code). The summary shall include a statement that the Federal Trade Commission enforces the federal act.

The summary shall be sufficient if it appears in substantially the following form: "State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at [www.ftc.gov](http://www.ftc.gov)."

(2) A statement that nonprofit credit counseling services may be available in the area.

(b) The notice required by subdivision (a) shall also accompany any document indicating that the commencement of collection activities may occur.

(c) The requirements of this section shall apply to the entity engaged in the collection activities. If Children's assigns or sells the debt to another entity, the obligations shall apply to the entity,

including a collection agency, engaged in the debt collection activity.

VIII. SUBMISSION TO THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

Children's shall provide to the office a copy of its charity care and discount payment policy, eligibility procedures for this policy, review process, and the application for charity care or discounted payment programs. The office may determine whether the information is to be provided electronically or in some other manner. The information shall be provided at least biennially on January 1, or when a significant change is made. If no significant change has been made by Children's since the information was previously provided, notifying the office of the lack of change shall meet the requirements of this section.

IX. REIMBURSEMENT

Children's shall reimburse the patient/family any amount actually paid in excess of the amount due under this policy, including interest.

X. LIMITATION OF POLICY

(a) Nothing in this policy shall be construed to prohibit Children's from uniformly imposing charges from its established charge schedule or published rates, nor shall this policy preclude the recognition of Children's established charge schedule or published rates for purposes of applying any payment limit, interim payment amount, or other payment calculation based upon Children's rates or charges under the Medi-Cal program, the Medicare Program, workers' compensation, or other federal, state, or local public program of health benefits.

(b) Notwithstanding any other provision of law, the amounts paid by parties for services resulting from reduced or waived charges under Children's discount payment and charity care policy shall not constitute Children's uniform, published, prevailing, or customary charges, its usual fees to the general public, or its charges to non-Medi-Cal purchasers under comparable circumstances, and shall not be used to calculate Children's median non-Medicare or Medi-Cal charges, for purposes of any payment limit under the federal Medicare Program, the Medi-Cal program, or any other federal or state-financed health care program.

To the extent that any requirement of this policy results in a federal determination that Children's established charge schedule or published rates are not Children's customary or prevailing charges for services, the requirement in question shall be inoperative. All other requirements of this policy shall remain in effect.

(c) This policy is intended to comply with AB774 and AB 1503 shall be construed to impose only those requirements and obligations that are required by AB774 and AB 1503. Children's retains the discretion to provide charity care or discounted services beyond what is required by AB774 and AB 1503, but Children's is not obligated to do so by reason of this policy. Future amendments to AB774 and AB 1503 shall be automatically and immediately incorporated here.



XI. APPLICATION OF POLICY

This policy applies to inpatient, outpatient and clinic services provided by Children's or by BayChildren's Physicians dba Children's Hospital & Research Center Medical Foundation, including but not limited to emergency room physicians.

**Revised 1/1/11**