FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

I. PURPOSE

A. Salinas Valley Memorial Hospital (SVMH) serves all persons in Salinas and the larger surrounding community area. As a California Healthcare District, Salinas Valley Memorial Hospital is committed to providing high quality, cost effective services to our patients. Providing patients with opportunities for financial assistance coverage for healthcare services is an important element in fulfilling the Salinas Valley Memorial Hospital mission. This policy defines the SVMH Financial Assistance Program; its criteria, systems, and methods.

B. California acute care hospitals must comply with Health & Safety Code requirements for written policies providing discounts and charity care to financially qualified patients. This policy is intended to meet such legal obligations and provides for both charity care and discounts to patients who financially qualify under the terms and conditions of the Salinas Valley Memorial Hospital Financial Assistance Program.

C. The finance department has responsibility for general accounting policy and procedure. Included within this purpose is a duty to ensure the consistent timing, recording and accounting treatment of transactions at SVMH. This includes the handling of patient accounting transactions in a manner that supports the mission and operational goals of Salinas Valley Memorial Hospital.

II. POLICY

A. This policy pertains to financial assistance provided by Salinas Valley Memorial Hospital. The Financial Assistance Policy is applicable only to services provided by SVMH and specifically excludes medical care provided by physicians who may be members of the SVMH Medical Staff. All requests for financial assistance from patients, patient families, physicians or hospital staff shall be addressed in accordance with this policy.

III. DEFINITIONS

Introduction

Salinas Valley Memorial Hospital strives to meet the health care needs of all patients who seek inpatient, outpatient and emergency services. SVMH is committed to providing access to financial assistance programs when patients are uninsured or underinsured and may need help in paying their hospital bill.

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

A. Full Charity Care and Discount Partial Charity Care Defined

- Full Charity Care is defined as any necessary emergency[1] inpatient or outpatient hospital service provided to a patient who has an income below 200% of the current federal poverty level and is unable to pay for care and who has established qualification in accordance with requirements contained in the SVMH Financial Assistance Policy.

- Discount Partial Charity Care is defined as any necessary emergency 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 between 201% and 350% of the current federal poverty level; and 3) who has established qualification in accordance with requirements contained in the SVMH 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 SVMH Financial Assistance Policy requirements.

B. Full Charity Care and Discount Partial Charity Care Reporting

- SVMH 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 regulation, the hospital will maintain written documentation regarding its Charity Care criteria, and for individual patients, the hospital 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.

[1] Necessary services are defined as any hospital emergency inpatient, outpatient, or emergency medical care that is not entirely elective for patient comfort and/or convenience. This includes those procedures that are scheduled and the patient has minimal benefit coverage, i.e. heart procedures and chemotherapy. This generally excludes those patients with a benefit design that requires them to utilize a designated facility.

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

- SVMH 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. Emergency room physicians are independent of the Hospital, therefore they have their own financial assistance program.

- Eligibility is defined for any emergency patient whose family[2] income is less than 350% of the current federal poverty level, if not covered by third party insurance or if covered by third party insurance and unable to pay the patient liability amount owed after insurance has paid its portion of the account.

- The SVMH 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 the hospital and such information will be used to qualify the patient or family representative for maximum coverage under the SVMH Financial Assistance Program.

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

[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 of caretaker relative.

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

- The SVMH 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, SVMH 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. In addition, uninsured patients will be offered information, assistance and referral to government sponsored programs for which they may be eligible. Insured patients who are unable to pay patient liabilities after their insurance has paid, or those who experience high medical costs may also be eligible for financial assistance. Any patient who requests financial assistance will be asked to complete a financial assistance application.

- The financial assistance application should be completed as soon as there is an indication the patient may be in need of financial assistance. The application form may be completed, during a patient stay, or after services are completed and the patient has been discharged.

Completion of a financial assistance application provides:

1. Information necessary for the hospital to determine if the patient has income sufficient to pay for services;

2. Documentation useful in determining qualification for financial assistance; and

3. An audit trail documenting the hospital's commitment to providing financial assistance.

However, a completed financial assistance application is not required if SVMH determines it has sufficient patient financial information from which to make a financial assistance qualification decision.

IV. PROCEDURES

A. Qualification: Full Charity Care and Discount Partial Charity Care

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

- 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 the hospital shall make every reasonable effort to provide information necessary for the hospital to make a financial assistance qualification determination. The hospital 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, the hospital 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 SVMH. This office shall be clearly identified on the application instructions.

- SVMH 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 hospital personnel according to the following levels of authority:

    1. Director of Patent Financial Services: Accounts less than $50,000
    2. Vice President of Finance: Accounts greater than $50,001 and less than $250,000
    3. President/CEO: Accounts greater than $250,000

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

- Accounts with a value greater than $50,000 require two signatures for approval.

- Factors considered when determining whether an individual is qualified for financial assistance pursuant to this policy may include:

    1. Services must be emergency
    2. No insurance under any government coverage program or other third party insurer;
    3. Gross family income based upon tax returns or recent pay stubs
    4. Family size

- Qualification criteria are used in making each individual case determination for coverage under the SVMH 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, the hospital, at its sole discretion, may treat continuing care as a single case for which qualification applies to all related on-going services provided by the hospital. Other pre-existing patient account balances outstanding at the time of qualification determination by the hospital may be included as eligible for write-off at the sole discretion of management.

- Patient obligations for Medi-Cal share of cost payments will not be waived under any circumstance.

- 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 emergency hospital inpatient, outpatient and emergency services provided by SVMH.

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

B. Full and Discount Partial Charity Care Income Qualification Levels

- If the patient's gross 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.

- If the patient's gross 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 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 patient's payment obligation will be the gross amount the Medicare program would have paid for the service if the patient were a Medicare beneficiary.

- Patient's care is covered by a payer. If the services are covered by a third party payer so that the patient is responsible for only a portion of the billed charges (i.e., a deductible or co-payment), the patient's payment obligation will be an amount equal to the difference between what insurance has paid and the gross amount that Medicare would have paid for the service if the patient were a Medicare beneficiary. If the amount paid by insurance exceeds what Medicare would have paid, the patient will have no further payment obligation.

C. Payment Plans

- When a determination of discount partial charity has been made by the hospital, 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.

- The hospital 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. The hospital 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 the patient for the duration of any payment plan arranged under the provisions of the Financial Assistance Policy.

D. 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 SVMH.

- If the patient is determined to be homeless he/she will be deemed eligible for the Financial Assistance Program.

- Patients seen in the emergency department, for whom the hospital 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.

E. Other Eligible Circumstances

- SVMH deems those patients that are eligible for government sponsored low-income assistance program (e.g. Medi-Cal, 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.

- The portion of Medicare patient accounts (a) for which the patient is financially responsible (coinsurance and deductible amounts), (b) which is not covered by insurance or any other payer including Medi-Cal, 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 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.

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

- Any patient who has an income which exceeds 350% of the FPL 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 the hospital 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.

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

F. Dispute Resolution

- In the event that a dispute arises regarding qualification, the patient may file a written appeal for reconsideration with the hospital. 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 the hospital 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 the hospital's senior vice president of finance. The vice

president of finance shall review the patient's written appeal and documentation, as well as the findings of the director of patient financial services. The senior vice president finance shall make a determination and provide a written explanation of findings to the patient. All determinations by the senior vice president finance shall be final. There are no further appeals.

G. Public Notice

- SVMH shall post notices informing the public of the Financial Assistance Program. Such notices shall be posting in high volume inpatient, and outpatient service areas of the hospital, including but not limited to the emergency department, billing office, inpatient admission and outpatient registration areas or other common outpatient areas of the hospital. 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 primary languages that are representative of 5% or greater of patients in the hospital's service area.

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

H. 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.

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

I. Good Faith Requirements

- SVMH 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, SVMH 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 qualify for the SVMH Financial Assistance Program.

J. **EDUCATION/TRAINING**

N/A

K. **DOCUMENTATION**

A. SVMH Financial Assistance Application
B. Charity Care Worksheet
C. Federal Poverty Guidelines
D. Charity care criteria for individual patients and determinations documentation is kept in the Patient Financial Services Department.

E. **REFERENCES**

A. AB 774 (Chan, Chapter 755, Statutes of 2006)
B. Federal Poverty Guidelines

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

Signature on file 11/03/2011
Lowell Johnson Date
Interim President/CEO

Signature on file 11/03/2011
Robert Dvorak Date
Interim VP Finance & IT

FORMULATION DATE:	07/16/2002
REVIEW:	EVERY YEAR
REVISION DATES:	6/92,7/93,9/94,6/95,9/96,04/01/97,04/01/98,04/01/99,02/15/00, 02/16/01,02/01/02,04/11/02, 02/07/03,02/26/04,03/18/05,12/09/05 02/28/06,01/08/07,02/07/07,04/05/07,02/05/11,11/01/11.
DISTRIBUTION:	ALL DEPARTMENTS
ORIGINATING DEPARTMENT:	PATIENT FINANCIAL SERVICES
LEGAL REVIEW:	N/A

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

ATTACHMENT A

Salinas Valley Memorial Hospital
Financial Assistance Application

INSTRUCTIONS

1. Please complete *all* areas on the attached application form. If any area does not apply to you, write N/A in the space provided.

2. Attach an additional page if you need more space to answer any question.

3. You *must* provide proof of family income when you submit this application. The following documents are accepted as proof of income:

   If you filed a federal income tax return you must submit a copy of:
   a. Federal income tax return (Form 1040) from the most recent year. You must include all schedules and attachments as submitted to the Internal Revenue Service;

   If you did not file a federal income tax return, please provide the following:
   a. Two (2) most recent paycheck stubs; and
   b. A letter explaining why you do not file a federal income tax return.

   If you have no income, please provide a letter explaining how you support yourself / family.

4. Your application cannot be processed until *all* required information is provided.

5. It is important that you complete and submit the financial assistance application along with all required attachments within fourteen (14) days.

6. You *must* sign and date the application. If the patient / guarantor and spouse provide information, both *must* sign the application.

7. If you have questions, please call your account representative.

8. Send or return you completed application to:

   Salinas Valley Memorial Hospital
   Patient Financial Services Department
   558 B Abbott Street
   Salinas, CA 93901
   831-755-0732

NS 8530-88 (Rev. 3/07)

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

Salinas Valley Memorial Hospital
Financial Assistance Application

PATIENT/ GUARANTOR NAME		**SPOUSE NAME**	
ADDRESS		**PHONE**	
		Home	
		Work	
SOCIAL SECURITY NUMBER			
Patient/ Guarantor		Spouse	

FAMILY STATUS List all dependents that you support		
Name	Age	Relationship

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

EMPLOYMENT STATUS	
Patient / Guarantor Employer	Position
Contact Person	Telephone
Spouse Employer	Position
Contact Person	Telephone

FAMILY INCOME		
	Patient / Guarantor	**Spouse**
1. Gross Wages & Salary / Year (before deductions)		
2. Self-Employment Income / Year		
3. Other Income:		
3. Interest & Dividends		
4. Real Estate Rentals & Leases		
5. Social Security		
6. Alimony		
7. child Support		
8. Unemployment / disability		
9. Public Assistance		
10. All Other Sources (attach list)		
TOTAL INCOME (add lines 1 - 10 above)		

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

UNUSUAL EXPENSES	
Please provide information on any unusual expenses such as medical bills, bankruptcy, court judgments or settlement payments (attach list as needed).	
Description	**Amount**

By signing below, I/we declare that all information provided is true and correct to the best of my/our knowledge. I/we authorize Salinas Valley Memorial Hospital to verify any information listed in this application. We expressly grant permission to contact my/our employer.

Signature of Patient / Guarantor

Signature of Spouse

Date

Date

Salinas Valley Memorial Healthcare System
450 East Romie Lane, Salinas, CA 93901
(831) 757-4333 • Toll free (888) 755-7864
A Public District Hospital

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

ATTACHMENT B

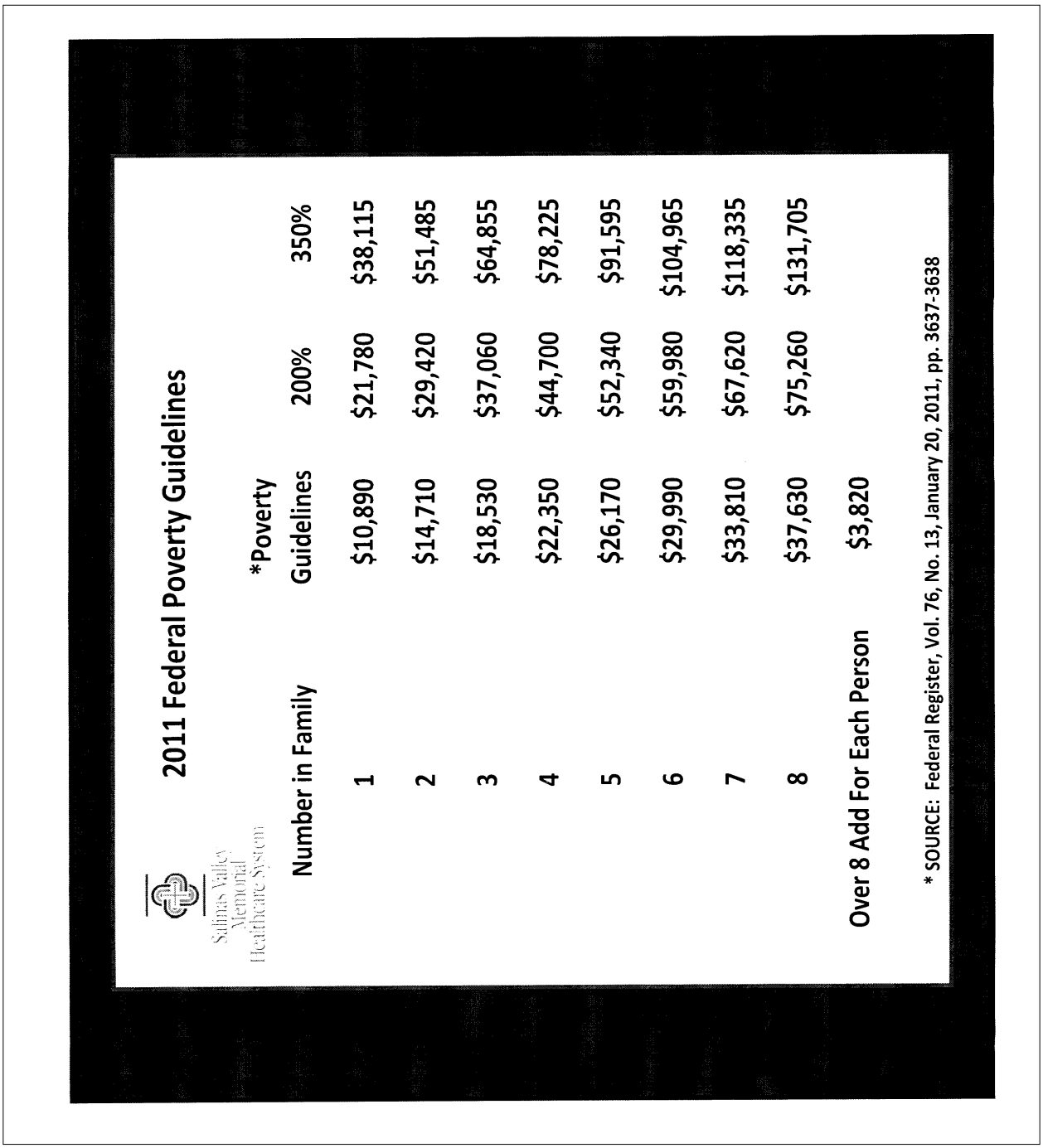
Salinas Valley Memorial Healthcare System	CHARITY CARE ELIGIBILITY WORKSHEET	
ACCOUNT #:	PATIENT NAME:	
TOTAL MONTHLY INCOME		
ROOM / BOARD SUPPORT	+	
MAINTENANCE NEEDS	-	
PERSONAL PROPERTY		
PERSONAL PROPERTY FACTOR	-	
ANNUAL FAMILY INCOME		
_____ FAMILY SIZE .... POVERTY GUIDELINE AMOUNT	+	
% OF POVERTY GUIDELINE % OF COVERAGE (IF % OF COV UNDER 100% ALL COV)		
POVERTY ALLOWED	-	300%
% OF POVERTY GUIDELINE (IF OVER 200% ALL COVERED)	=	
% PATIENT OWES	X	
TOTAL CHARGES		
$ PATIENT OWES		
CHARITY WRITE-OFF		
APPROVED BY:	DATE:	

ROBERT DVORAK: _____ DATE: _____
INTERIM CFO
($25,000 - $100,000)

LOWELL JOHNSON: _____ DATE: _____
INTERIM CEO
($100,001 - $250,000)

FINANCIAL ASSISTANCE PROGRAM/FULL CHARITY CARE & DISCOUNT PARTIAL CHARITY CARE POLICIES

ATTACHMENT C



Salinas Valley Memorial Healthcare System

2011 Federal Poverty Guidelines

Number in Family	*Poverty Guidelines	200%	350%
1	$10,890	$21,780	$38,115
2	$14,710	$29,420	$51,485
3	$18,530	$37,060	$64,855
4	$22,350	$44,700	$78,225
5	$26,170	$52,340	$91,595
6	$29,990	$59,980	$104,965
7	$33,810	$67,620	$118,335
8	$37,630	$75,260	$131,705
Over 8 Add For Each Person	$3,820		

* SOURCE: Federal Register, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638