

**DELANO REGIONAL MEDICAL CENTER
POLICIES AND PROCEDURES
ADMINISTRATIVE**

OPR :	Administration	Policy No.:	A-106
Subject:	Charity Care and Discount Payment		
Issued:	Revised:	6/97, 05/00, 12/04, 01/07, 12/09	
	Approved:	Ldrshp BOD	

SCOPE: Admissions, All Registration Areas, Wasco Medical Plaza, Delano Women's Health Clinic, Patient Accounting.

PURPOSE: The purpose of this policy is to define the eligibility criteria for charity care and discount payment services and to provide administrative and accounting guidelines for the identification, classification and reporting of patient accounts as charity care or discounted payment (partial charity).

POLICY:

Delano Regional Medical Center affirms and maintains its commitment to serve the community in a manner consistent with the philosophy of the Board of Directors. This philosophy emphasizes the provision of optimal health care services to aid all persons regardless of age, sex, race, creed, disability, national origin or financial status. These beliefs have led Delano Regional Medical Center to develop a policy for providing charity or discounted health care for the less fortunate.

It should be recognized that the need for charity is a sensitive and deeply personal issue for recipients. Confidentiality of information and individual dignity will be maintained for all that seek charitable services. Orientation of staff and the selection of personnel who will implement this policy and procedure shall be guided by these values. Providing charity care (financial assistance) to the low-income uninsured, along with other community benefit services are important evidence of DRMC's mission fulfillment. It is imperative that the determination, reporting, and tracking of charity care are in concert with our not-for-profit mission and community obligation and in compliance with Assembly Bill No. 774, Hospital Fair Pricing Policies.

Partial and/or full charity care will be based on the individual's ability to pay as defined by Federal Poverty Income Guidelines and the attached sliding scales. Confidentiality of information and individual dignity will be maintained for all that seek charitable services. The handling of personal health information will meet all HIPAA requirements.

DEFINITION:

Charity care (free care) is defined as health care services provided at no charge to patients who do not have or cannot obtain adequate financial resources or other means to pay for this care and qualify under the eligibility guidelines specified in this policy. Charity care is in contrast to bad debt, which is defined as a patient and/or guarantor who, having the requisite financial resources to pay for health care services, had demonstrated by his/her actions an unwillingness to comply with the contractual arrangements to resolve an account.

Discount Payment (partial charity) is defined as health care services provided at a reduced charge to patients who do not have or cannot obtain adequate financial resources or other means to pay for this care and qualify under the eligibility guidelines specified in this policy.

Partial and full charity care will be based solely on ability to pay and will not be abridged on the basis of age, sex, race, creed, disability or national origin. Available health care services, inpatient or outpatient, shall be available to all individuals under this policy. Delano Regional Medical Center will also actively assist an individual in pursuing alternate sources of payment from third parties. Those individuals or families, who qualify for alternative programs and services within the community but refuse to take advantage of them, will not be covered by this policy. These actions are intended to allow Delano Regional Medical Center to provide the maximum level of necessary charity services within the limits of respective resources.

Charity care and discounts provided by this policy are available for medically necessary procedures. Medical necessity shall be determined in the sole and absolute discretion of the Hospital. Charity is generally not available for non-medically necessary procedures however; in certain cases an exception may be made. These exceptions require approval by administration. Specialized, high-cost services (i.e. experimental procedures, etc.) requiring charity care are also subject to the review of administration prior to the provision of service.

Final determination regarding eligibility for charity care or discounted care for patients traveling from outside of the hospital's immediate service area is left to the discretion of the hospital administration.

PROCEDURES:

- A. Identification of Applicant: Any member of the medical staff, any employee, the patient or his/her family and any other responsible party may request charity care or discount payment assistance from Delano Regional Medical Center. Any member of the Patient Financial Services team may identify possible charity or discount recipients during any portion of the business cycle.
- B. Establishing Eligibility: Financially qualified recipients shall include persons who are (1) at or below 350% of the current Federal Poverty Income Guidelines that apply to the individual or family and (2) a patient that is a self-pay patient or a patient with high medical costs. Recipient's eligibility will be judged on a case

by case basis and other qualifying factors may be taken into account. The following is a nonexclusive list of eligible categories of people:

- Indigent illegal aliens
- Indigent non-residents of California
- Certain types of short term aliens
- Emancipated minors
- Persons who may be eligible for Medi-Cal funding, but whose eligibility status has not been established as of the period during which services are needed.
- Persons eligible for Medi-Cal funding whom are treated for non-covered services.
- Foreign visitors
- Senior citizens, living on a fixed income and unable to pay for services

C. Eligibility Guidelines: The following factors will be used in the determination of financially qualified recipients and the amount of charity or discount extended:

1. *Income Guideline:* the Federal Poverty Guidelines as established by Health and Human Services will be used to determine annual income guidelines and limits. The applicant may be asked to provide acceptable income verification, such as recent payroll stubs or other items or verification. If the patient is unemployed, a written statement of need must be provided by the patient attesting to their employment status.
2. *Employment Status and Earning Capacity:* Employment status will be considered for the likelihood of future earnings sufficient to meet the health care related obligation within a reasonable amount of time.
3. *Other Sources of Payment for Services Rendered:* The appropriate amount of charity service or discount will be determined in relation to the amounts due after applying all other sources of payment. The hospital will provide applications for other sources of payment if the patient may qualify for coverage.
4. *Other General Guidelines:*
 - Patients identified as being potentially eligible for Medi-Cal or any other third party coverage will be asked to apply and will be expected to cooperate fully with the Department of Social Services in providing all necessary information.
 - An account that has been placed within outside collection agency can be considered for charity care or discounted payment if the collection agency determines the amounts are not collectable due to the inability to pay in accordance with the hospital's charity care and discount policy.
 - Administrative allowances or courtesy allowances will not be eligible for charity care.

Eligibility Criteria:

A. Discount Payment and Charity Care Application: (See attachment A)

1. Low income uninsured or underinsured patients or patients with high medical costs who indicate the financial inability to pay a bill for a medically necessary service shall be evaluated for charity care or discounted payment assistance.
2. The DRMC standardized application form will be used to document each patient's overall financial situation. This application is available in either English or Spanish and is available in any registration area or the business office.
3. Once a determination has been made a notification form will be sent to each applicant advising them of the decision.
4. In the event of a dispute, a patient may seek review from the Business Office Manager, Director of Information Management or the Chief Financial Officer.
5. Credit reports may be used when appropriate to verify an individual's financial status.
6. A patient's employment status may be taken into consideration when evaluating charity care or discount payment status as well as potential payments from pending litigation, and third party liens related to the incident of care.
7. The amount and frequency of hospital bills may also be considered.
8. The data used in making a determination concerning eligibility for charity care or discounted care should be verified to the extent practical in relation to the amount involved.

B. Full Charity Care:

The basic standard for full charity care write-off will be 200% of the most recent Federal Poverty Guidelines. Expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare. This will be the amount written off to charity and the difference will be considered a contractual allowance.

Medi-Cal patients are eligible for charity write-offs related to denied stays, denied days of care, and non-covered services. These Treatment Authorization Request (TAR) denials and any lack of payment for non-covered services provided to Medi-Cal patients are to be classified as charity.

C. Discounted Payment (Partial Charity Care): (See attachment B)

Discounted care will be granted to patients earning between 201% and 350% of the most recent Federal Poverty Guidelines. For these patients, expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare. For patients earning between 351% and 400% of the most recent Federal Poverty Guidelines a discount from routine charges of 50% will be applied. Clinic patients will receive discounted payment (partial charity) as described in the attached clinic sliding fee scale as the expected reimbursement from Medicare is at times higher than published rates due to the clinic's designation of a Rural Health Clinic.

D. Catastrophic Charity Care (High Medical Cost Patients):

In order to qualify for Catastrophic Charity Care Circumstances the low-income hospital patient must meet the qualifications as described below:

Qualifications:

1. The patient's family income is at or below 350% of the Federal Poverty Guidelines.
2. The family's out-of-pocket medical expenses in the prior twelve months exceed 10% of family income.
3. The patient does not otherwise receive a discount as a result of third party coverage.

Expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare.

In determining what if any payment is due from the patient, the expected payment amount will be compared to the amount paid from third party insurance. If the amount paid from the third party insurance is greater than the expected payment than no payment will be sought from the patient. If the expected payment is greater than the payment received from the third party insurance then the difference in payment will be sought from the patient.

Eligibility Period:

The eligibility period is one year from the date of the initial eligibility determination, unless over the course of that year the patient's family income or insurance status changes to such an extent that the patient becomes ineligible.

E. Payment Plans:

The hospital will make available no interest payment plans for patients qualifying for discount payment or high medical cost services. The plan will be individually negotiated between the patient and the hospital and be based on ability to pay. The time frame for repayment will be set on an individual basis and be mutually agreed upon by both parties.

If a patient defaults making regular payments, the hospital can initiate collection efforts after 90 days of non-payment.

F. Homeless Patients

Emergency room patients without a payment source may be classified as charity if they do not have a job, mailing address, residence, or insurance. Consideration must also be given to classify emergency room only patients who do not provide adequate information as to their financial status. In many instances, these patients are homeless and have few resources to cover the cost of care.

G. Collection Agency

Accounts will not be sent to a collection agency if the patient is in the process of applying for charity care or discounted payment. If the patient does not comply with requests for information or refuses to provide the hospital with information, the account can be sent for collections 150 days after initial billing.

If a collection agency identifies a patient meeting the hospital's charity care or discount payment eligibility criteria their patient account may be considered charity care, even if they were originally classified as bad debt. Collection agency patient accounts meeting charity care or discount criteria should be returned to the hospital billing office and reviewed for eligibility.

The collection agency will adhere to all state and federal laws pertaining to fair collection of debt.

H. Special Circumstances:

1. Deceased patients without an estate or third party coverage will be eligible for charity.
2. Patients who are in bankruptcy or recently completed bankruptcy may be eligible for charity.
3. In rare occasions, a patient's individual circumstances may be such that while they do not meet the regular charity care criteria in this policy they do not have the ability to pay their hospital bill. In these situations, with the approval of management, part or all of their cost of care may be written off as charity care. There must be complete documentation of why the decision was made to do so and why the patient did not meet the regular criteria.

I. Governmental Assistance:

1. In determining whether each individual qualifies for charity care, other county or governmental assistance programs should also be considered.

J. Time Requirements for Determination:

1. While it is desirable to determine the amount of charity care or discount for which the patient is eligible as close to the time of service as possible, there is no rigid limit on the time when the determination is made.
2. Every effort should be made to determine a patient's eligibility for charity care or discount payment. In some cases, a patient eligible for charity care or discount may not have been identified prior to initiating external collection action. Accordingly, the hospital's collection agencies should be made aware of the policy on charity care and discount payment. This will allow the agency to report amounts that they have determined to be uncollectible due to the inability to pay in accordance with the hospital's charity care and discount eligibility guidelines.

K. Definitions and Documentation of Income:

1. Annual family earnings and cash benefits from all sources before taxes, less payments made for alimony and child support.
2. Proof of earnings may be determined by annualizing year-to-date family income, giving consideration for current earning rates.
3. Documentation will include recent pay stubs and/or tax returns.

L. Approval Matrix of who can grant Charity Care Write-offs:

Director of Information Management can approve amounts up to \$5,000. Above \$5,000 must be approved by the CFO.

M. Review Process:

First Level – Financial Counselor and or Self Pay Collector

Second Level – Business Office Manager

Third Level – Director of Information Management and/or CFO

N. Accounting for Charity Care:

To allow the hospital to track and monitor the amount and type of charity care being granted, separate transaction codes will be used as follows:

- 701 Full Charity Care write-offs
- 702 Discount Payment (Partial Charity Care) write-offs
- 703 High Cost Medical (Catastrophic Charity) Care write-offs
- 704 Discount Payment recoveries.

O. Determining Expected Payment

Hospital Inpatients: The hospital will use Medicare's DRG pricing software to determine expected reimbursement.

Hospital Outpatients: The hospital will apply the average Medicare outpatient payment rate to charges to determine expected reimbursement.

Clinic Patients: The hospital will apply the Medicare rural health clinic payment rate to determine expected reimbursement.

P. Recordkeeping:

Records relating to potential charity care patients must be readily obtained. A central file maintained in the Business Office with copies of the Statements of Financial Condition, Charity Care/Discount Payment Recommendation Summary forms and final disposition. These forms will also be scanned and attached to the patients' accounts for permanent storage. In addition, a spreadsheet will be maintained by the Patient Accounting Department Coordinator with the details of each charity request and disposition.

P. Application of Policy:

This policy does not create an obligation to pay for any charges or services not included in the hospital bill at the time of service. This policy does not apply to services provided within the hospital by physicians or other medical providers including Anesthesiologists, Radiologists, Pathologist, etc.

Q. Public Notice and Posting:

Public notice of the availability of assistance through this policy should be made through the following means:

1. Posting notices in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration, such as the emergency department, billing office, admitting office, and hospital outpatient service settings.
2. Including language on bills sent to uninsured patients statements indicating:
 - a. If the patient meets certain income requirements the patient may be eligible for government-sponsored program or for financial assistance from the hospital.
 - b. A hospital phone number that the patients may call for further information.
3. Providing uninsured patient's matrix outlining the types of financial assistance available.
4. Providing all self-pay patients with an application for Medi-cal, Healthy Families or other government sponsored program prior to discharge from the hospital.

Posted notices shall be in English and Spanish and in a manner consistent with all applicable federal and state laws and regulations. Posted notices shall contain the following information:

1. A statement indicating that the hospital has a financial assistance policy for low-income uninsured or underinsured patients who may not be able to pay their bill and that this policy provides for full or partial charity care write-off.
2. Identification of a hospital contact phone number that the patient can call to obtain more information about the policy and about how to apply for assistance.

ATTACHMENT B

Eligibility Guide: Using household income and size as calculated in Attachment A, identify eligibility for financial discount.

Family Size	Period	Federal Poverty Guideline (FPG)	If income is below 200% (shown below) of FPG, eligible for <i>Full Write-off</i>	If income is above 200% but below 350% (shown below), eligible for <i>Partial Write-off</i>	If income is above 301% but below 400% (shown below), eligible for <i>Partial Write-off</i>
1	Annual	\$ 10,830	\$ 21,660	\$ 37,905	\$ 43,320
	Monthly	\$ 903	\$ 1,805	\$ 3,159	\$ 3,610
2	Annual	\$ 14,570	\$ 29,140	\$ 50,995	\$ 58,280
	Monthly	\$ 1,214	\$ 2,428	\$ 4,250	\$ 4,857
3	Annual	\$ 18,310	\$ 36,620	\$ 64,085	\$ 73,240
	Monthly	\$ 1,526	\$ 3,052	\$ 5,340	\$ 6,103
4	Annual	\$ 22,050	\$ 44,100	\$ 77,175	\$ 88,200
	Monthly	\$ 1,838	\$ 3,675	\$ 6,431	\$ 7,350
5	Annual	\$ 25,790	\$ 51,580	\$ 90,265	\$ 103,160
	Monthly	\$ 2,149	\$ 4,298	\$ 7,522	\$ 8,597
6	Annual	\$ 29,530	\$ 59,060	\$ 103,355	\$ 118,120
	Monthly	\$ 2,461	\$ 4,922	\$ 8,613	\$ 9,843
7	Annual	\$ 33,270	\$ 66,540	\$ 116,445	\$ 133,080
	Monthly	\$ 2,773	\$ 5,545	\$ 9,704	\$ 11,090
8	Annual	\$ 37,010	\$ 74,020	\$ 129,535	\$ 148,040
	Monthly	\$ 3,084	\$ 6,168	\$ 10,795	\$ 12,337
Each Additional Person	Annual	\$ 3,740	\$ 7,480	\$ 13,090	\$ 14,960
	Monthly	\$ 312	\$ 623	\$ 1,091	\$ 1,247

High Medical Cost (Catastrophic Coverage:)

If Patient Liability is greater than or equal to 10% of the annual family income partial discount or full charity may apply.

Clinic Sliding Fee Scale

Family Size	Monthly Income			
	From To	From To	From To	From
1	0 - 1106	1107 - 1290	1291 - 1474	1475+
2	0 - 1490	1491 - 1739	1740 - 1986	1897+
3	0 - 1874	1875 - 2186	2187 - 2498	2499+
4	0 - 2259	2260 - 2298	2299 - 3011	3012+
5	0 - 2643	2644 - 3084	3085 - 3523	3524+
6	0 - 3026	3027 - 3531	3532 - 4035	4036+
7	0 - 3411	3412 - 3980	3981 - 4548	4549+
8	0 - 3796	3797 - 4429	4430 - 5060	5061+
9	0 - 4180	4181 - 4876	4877 - 5572	5573+
10	0 - 4564	4565 - 5324	5325 - 6092	6093+
11	0 - 4949	4950 - 5774	5775 - 6598	6599+
12	0 - 5334	5335 - 6222	6223 - 7111	7112+
13	0 - 5719	5720 - 6672	6673 - 7624	7625+
14	0 - 6103	6104 - 7120	7121 - 8137	8138+
15	0 - 6488	6489 - 7569	7570 - 8650	8651+
% of Charges	25%	50%	75%	100%
	Partial Payment	Partial Payment	Partial Payment	Full Payment