

<p>Tustin Hospital and Medical Center dba Newport Specialty Hospital</p> <p>14662 Newport Ave., Tustin, CA 92780 • (714) 619-7700</p> <p>OPERATING POLICIES & PROCEDURES</p>	Date: 06/95	Revision Date: 03/99, 01/07, 10/10
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PURPOSE:

To establish a policy and procedure for Pacific Health Corporation (PHC) Hospitals to provide guidelines to identify patients who potentially qualify for Charity Care and for funding available to the Hospitals as a result of the California Tobacco Tax Initiative and other applicable indigent programs. To provide procedures for the processing of individual patient accounts qualifying for Charity Care classification.

BACKGROUND:

Assembly Bill (AB) 75, signed into law in 1989, implements the Propositions 99 Tobacco Tax Initiative approved by California voters in November 1988. This Assembly Bill earmarks the money collected by the additional taxing of tobacco products in the State of California and channels these funds to hospitals in the State which provide care to charity patients.

POLICY:

It is the policy of PHC to determine the appropriate of Charity Care funds to individual accounts through the financial screening, or means testing, of all patients who are unable to meet the deposit requirements of each PHC facility. This policy distinguishes between a “Bad Debt” patient (one who is unwilling to pay) and “Charity Care” patient (one who is unable to pay). (Refer to the HFMA and OSHPD guidelines for **Bad Debt and Charity Care**).

Recognizing that no patient requiring medical care will be refused service by PHC Hospitals, this policy identifies circumstances under which the Hospital will extend charity care to patients whose financial status makes it inordinately difficult, or impossible, to pay for necessary medical services. The evaluation of the necessity for medical treatment, for any patient presenting at the Hospital, will be based upon clinical judgment, regardless of the financial status of the patient. The clinical judgment of the patient’s personal or the Emergency Department staff physician will be the sole determining criterion for the patient’s admission to the Hospital.

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Determination of a patient’s classification as “Charity Care” should generally be made before providing such services. However, in cases where an emergency medical condition exists, as defined by the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), the Hospital’s evaluation of possible payment alternatives and possible classification as Charity Care, will occur only after urgent medical care evaluation and treatment have been rendered.

RESPONSIBILITY

The Hospital’s Central Business Office hold's primary responsibility to ensure appropriate identification of patients as Charity Care, thorough collection of data as required by the State of California, and timely submission of accurate data to ensure maximum possible Charity Care Funds distribution to the Hospital.

The Business Office Director and the Admitting Manager hold primary and secondary responsibility to implement and enforce the policies and procedures set forth for the collection and documentation of required Charity Care data, at least quarterly, to the CFO.

The CFO holds the sole responsibility for ultimate approval of patients with “extenuating circumstances” to qualify for charity care.

PROCEDURES:

All un-funded inpatients, unable to pay required deposits, co-payments or deductibles, will be financially screened at or prior to the time of admission. The screening will be complete either by the Pre-Admissions Representative or by the Financial Counselor. Both the **CHIP Patient Screening Form** and the **Financial Evaluation Worksheet** will be used to complete the financial screening.

All scheduled outpatients unable to pay required deposits, co-payments or deductibles, and for whom the Admitting Department or referring physician has determined medical necessity for treatment, will be financial screened prior to treatment. The screening will be completed either by the Pre-Admissions Representative or by the Financial Counselor.

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Patients admitted as inpatients under emergency circumstances may be financially screened at the time of admission or later, as their medical condition dictates.

Non-emergency patients, presenting in the Emergency Room, will be financially screened while waiting or immediately following triage. The ER Admitting Representative will be complete the screening.

Completed financial screenings will be submitted to the Admitting Manager at the end of each shift. The Admitting Manager will establish a designated receiving area fro completed screening forms.

Funded patients covered under Medi-Cal, Cal Optima, LA Care, Medicare, MSI, Victims of Violent Crimes, or any commercial third party payer, who claims an inability to pay their share of cost, may be screened at a later time. Such patients will not routinely be financially screened for Charity Care classification, through the Admitting Department. If applicable, these patients may be screened by Business Office customer service or collections personnel.

Primarily the financial screening process will determine eligibility for Charity Care. However, in certain cases, additional extenuating circumstances may exist which would allow special consideration in approving partial or full charity care for patients who do not meet the established criteria. Such extenuating circumstances include, but may not be limited to:

1. The amount owed by the patient in relation to his/her total means.
2. The medical status of the patient, or of the primary wage earner in the household.
3. The employment potential of patient in light of his/her skills and age in relationship to the job market.
4. The likely emotional and medical impact of the financial indebtedness upon the patient and family.

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5. The patient’s willingness to work with the Hospital in assisting to exhaust all other payment resource.
6. Whether the patient lives on a fixed income.

Any cases that fall in the “extenuating circumstances” category will be brought to the attention of the Business Office Director. The ultimate approval or denial of charity care in these cases is the responsibility of the Administrator/CEO, or the CFO. However, specific guidelines and criteria may be established through which the Business Office Director may approve qualifying cases.

Patients, who qualify as “Medically Indigent” under the Orange County Medically Indigent Services (MSI) program, or under the Los Angeles County Indigent Services, will be deemed to be eligible for charity care, without the need for any additional evaluation of the patient’s financial status. Once the MSI payment has been received and applied to the account, any remaining balance should be classified as Charity Care, and processed accordingly. The Admitting Department and Business Office personnel are responsible for this function.

CALCULATING THE AMOUNT OF CHARITY CARE

Designated hospital personnel shall complete the “**Chip Patient Screening**” form, as established in the procedure. All designated data fields will be completed accurately and legibly. Whenever possible, the hospital representative will collect the data through an “interview” process, whereby the patient will respond to questions, and the hospital representative will sign and date the screening form, and will obtain the patient’s signature upon completion of the required data.

The required information on the patient’s household income is a key field for accurate means testing. This information will encompass the combined family income before taxes, including: wages and salary, welfare payments, social security payments, disability payments, strike benefits, unemployment benefits, child and spousal support payments, dividends and interest.

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The total family/household income will be compared to **The Federal Poverty Guidelines** to determine the patient’s eligibility for charity care. Any patient whose annual household income falls within 300% of the Federal Poverty Guidelines (unless disqualified through the Personal Assets Criteria), will be considered a candidate for charity care. Charity Care eligibility will be designated as follows:

Annual Household Income of 100% -199% of the Poverty Guidelines:
Eligible for full Charity Care classification

Annual Household Income of 200%- 299% of the poverty Guidelines:
Eligible for partial Charity Care classification
May remain financially responsible for a portion of the balance due.

If a patient’s annual family income is between 201% and 299% of the Federal Poverty Guidelines, the following formula will be used to calculate the percentage of charity “discount” to which the patient is entitled, subject to the “Personal Assets” criteria which is addressed in the Policy and Procedure.

Step 1 Determine annual household income.

Step 2 Calculate the annual household income as a percentage of the Federal Poverty Guidelines.

Step 3 Subtract the calculated percentage from 300%. The result is the charity care percentage write-off to which the patient may be entitled.

Step 4 Multiply the charity care percentage by the unpaid balance for which the patient is responsible. is The result is the amount eligible to be written off as “Charity Care”.

EXAMPLE:

Step 1 Household Income = \$_____.

Step 2 Patient has a total of ___ family members in the household.

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Poverty Guidelines for family with ___ members = \$ _____.
Therefore the patient’s household income is ___% of the Poverty Guideline for (\$ _____/\$ _____) = ___%
Step 3 Charity discount percentage = (300% - ___ %) = ___%
Step 4 Balance due on account = \$500. Patient is eligible for a charity discount of \$ _____ (___% x \$500). Patient must, therefore, pay \$ ____.

PERSONAL ASSETS:

If a patient meets the “Household Income” criteria, the hospital representative evaluating the patient will further review the patient’s Financial Disclosure statement to determine if significant personal assets exist.

It is not consistent with the intent of this policy to grant charity care to an individual with a significant portfolio of liquid or other assets, against which the patient could borrow the amount required to pay the open balance due. For this reason, hospital personnel will consider and evaluate such assets as bank accounts, the family’s entitlement to tax refunds, cash value life insurance policies, stocks, bonds, and other investments, trust funds, etc.

A patient will never be asked or expected to sell his dwelling, household property or any vehicle which is the patient’s only practical transportation to work, in order to satisfy the hospital account.

CHARITY APPROVAL REQUIREMENTS:

Any patient account not meeting the PHC Admission, Collection and Charity Care Policy criteria for charity care discounts, requires written approval form the Administrator/CEO, to be eligible to receive a Charity Care discount.

APPROVAL LIMITS

1. The Hospital Business Office Director can approve Charity Care Discounts up to \$2,500. However, if the determination is based on any extenuating circumstances, then the signature of the Administrator/CEO must accompany the approval.

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2. The Hospital CFO may approve Charity Care Discounts form \$2,501 through \$19,999. If the determination is based on any extenuating circumstances, then the signature of the Administrator/CEO must accompany the approval.
3. Any Charity Care Discount of \$20,000 or more requires written approval from the Hospital Administration/CEO.

Many government programs (Medi-Cal, Healthy Families, and Medicare) and other third party coverage programs have been established to provide for or defray the healthcare costs for individuals who also may be considered needy. In the case where arrangements for payments to the hospital require the hospital to accept the payment amount as payment in full, the balances of these accounts written off are attributable to contractual adjustments and will not be considered charity care. In cases where these programs require the patients to pay co-payments or deductibles and the patients do not have the ability to pay; these amounts will be considered charity care.

Charity determination will be granted on an “all, partial, or nothing” basis. There is a category of patients who qualify for Medi-Cal, but do not receive payment for their entire stay. Under the charity care policy definition, these patients are eligible for charity care write-offs. In addition, the hospital specifically includes as charity the chargers related to denied stays, denied days of care, and non-covered services. The “TAR” denials and any lack of payment for non-covered services provided to Medi-Cal patients are to be classified as charity. These patients are receiving the service, and they do not have the ability to pay for it. In addition, Medicare patients who have Medi-Cal coverage for their co-insurance/deductibles, for which Medi-Cal does not make payment and Medicare does not ultimately provide bad debt reimbursement will also be included as charity. These indigent patients are receiving a service for which a portion of the resulting bill is not being reimbursed.

DOCUMENTATION FOR CHARITY CLASSIFICATION

When a patient has been determined to qualify for Charity Care classification, the patient’s file folder and the computer system A/R Notes will be properly

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documented in order to facilitate easy identification of those patients, as well as to maintain a proper record of the facts, which resulted in the determination of eligibility for Charity Care. The minimum requirements for each Charity Care case include:

1. Copy of the patient’s completed Financial Disclosure Statement / Financial Evaluation form. Whenever possible, supporting documentation should be included (i.e., prior year tax return, W-2 from, recent check stub, etc.).
2. Copies of any additional documentation, notes, etc., which outline extenuating circumstances that may have been considered in the determination of eligibility charity care
3. A copy of the CHIP Patient Screening Form, signed by both the hospital representative and the patient.
4. A copy of the Approval for Charity Care, signed by the appropriate management level.
5. Financial folders for Charity Care patients should be documented with the words “CHARITY CARE” written boldly across the front of the folder
6. A copy of the complete A/R notes entered into the computer system, outlining all pertinent details as to the determination of Charity care eligibility

The appropriate Business Office personnel, upon review of the documentation, will prepare the Charity Discount transaction, obtain approval signature form the Business Office Director, and submit to the Data Processing Department to be keyed.

Data Submission will comply with the requirements set forth by the agency governing the charity program.

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For Prop 99/CHIP Program:

Submit data to:

American Insurance Administrators (AIA)
Jerry Daniel, at American Insurance Administrators
3415 South Sepulveda Blvd., Suite 200
Los Angeles, CA 90034

In Orange County, the data, keyed into CHIP spreadsheet, is due to AIA within 30 days after the close of each quarter. Verify **The CHIP Data Deadlines**.