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<b>Governing Board Approval</b>		<b>Date:</b>		<b>Revised:</b> <b>1/2020</b>

Policy:

La Palma Intercommunity Hospital offers a discount payment program for financially qualified patients who meet the eligibility tests described below and comply with the requirements of Health & Safety Code sections 127400 to 127446.

A significant component of La Palma Intercommunity Hospital is to provide care for patients in times of need. La Palma Intercommunity Hospital provides a Discount Payment program as a benefit to the community we serve as a Non-Profit Hospital. To this end, La Palma Intercommunity Hospital are committed to assisting low-income and/or uninsured eligible patients with appropriate discount payment and charity care programs. All patients will be treated fairly, with compassion and respect.

Financial assistance policies must balance a patient's need for financial assistance with the hospital's broader fiscal stewardship.

Outside debt collection agencies and the hospital's internal collection practices will reflect the mission and vision of the hospital.

Financial assistance through discount payment and charity care programs is not a substitute for personal responsibility. It is the patients' responsibility to actively participate in the financial assistance screening process and where applicable, contribute to the cost of their care based upon their ability to pay.


Procedure:

1. Eligibility for Participation In Discount Payment Program

A. Self-Pay Patients

A patient is eligible for financial assistance under this policy if (1) A patient who does not have third party coverage from a health insurer, health care service plan, union trust plan, Medicare, or Medi-Cal or whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital and (2) whose family income does not exceed 450% of the Federal Poverty Level and (3) the patient is either an uninsured patient or a patient with a high Medical cost.

Eligibility alone is not an entitlement to financial assistance qualification under this Policy. The patient must complete the Financial Assistance Application and provide all required documentation and the Facility must complete a process of applicant evaluation and determine qualification before charity care or a discount payment may be extended to the patient.

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**B. Insured Patients with high medical costs**

A patient who has third party coverage or whose injury is a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital may qualify for the Discount Payment Program if all of the following conditions are met: (1) the patient has a family income of less than 450% of the Federal Poverty Level; (2) the patient does not receive a discount rate from the hospital as a result of his or her third party coverage; and (3) the patient has annual out-of-pocket costs incurred by that individual at a La Palma Intercommunity Hospital that exceed 10% of the patient's family income in the prior 12 months or the patient has annual out of pocket expenses that exceed 10% 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.


Hospital staff shall make reasonable efforts to obtain from the patient, or his or her representative, information about whether private or public health insurance, including eligibility for the California Health Benefit Exchange, may fully or partially cover the charges for care. If the patient does not have proof of third party coverage, Hospital staff shall provide the patient with information that the patient may be eligible for specified health coverage programs, including, but not limited to, Medi-Cal, California Children's Services, the California Health Benefit Exchange or other county-funded health care programs.

The fact that a patient is applying for any of the above described health care coverage shall not preclude such patient from qualifying for Discount Payment Program.

**C. Other Circumstances**

The Director of the Hospital's Patient Financial Services, (PFS) shall also have the discretion to extend charity care or a discount to patients under the following circumstances:

- a. The patient qualifies for limited benefits under the State's Medi-Cal Program, i.e., limited pregnancy or emergency benefits, but does not have benefits for other services provided at the Hospital.
  - b. The patient qualifies for a Medically Indigent Adult Program offered by a county other than the one in which the Hospital is located.
  - c. A Third-Party Collection Agency has made efforts to collect the outstanding balance and has recommended to the Hospital's PFS Director that charity care or a discount be offered.
- D. Completion of a Financial Assistance Application.**

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1. The Financial Assistance Application must be completed as soon as there is an indication the patient may need financial assistance. The application form may be completed during a patient stay, or after services are completed and the patient has been discharged.
2. The Financial Assistance Application provides:
  - a. Information necessary for the Facility to determine if the patient has income sufficient to pay for services.
  - b. Documentation useful in determining qualification for financial assistance; and
  - c. An audit trail documenting the Facility's commitment to providing financial assistance.
3. In certain circumstances, a completed Financial Assistance Application may not be required if the Facility, in its sole discretion, determines it has sufficient patient financial information from which to make a financial assistance qualification decision.
4. If a patient applies or has a pending application for another health coverage program at the same time he or she applies for financial assistance under this Policy, neither application shall prevent the patient for establishing eligibility under the other program.

E. **Determination Based On Ability to Pay.**

Qualification for charity care shall be determined solely based on 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, gender identity, ethnicity, national origin, veteran status, disability or religion. While financial assistance shall not be provided on a discriminatory or arbitrary basis, the Facility 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.

F. **Asset/Income Qualification.**

1. For Charity Care: Family size and documentation of family income in the form of federal income tax returns and recent pay stubs.
  - a. Family size and documentation of income and assets including information on all monetary assets including, without limitation, federal income tax returns, recent pay stubs, and/or other relevant information, but including statements on retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans. The Facility may require waivers or

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- releases from the patient or patient’s family, authorizing the Facility to obtain account information from financial commercial institutions, or other entities that hold or maintain the monetary assets, to verify their value.
- b. A patient’s family assets may be evaluated to determine if sufficient patient household resources exist to satisfy the Facility’s bill for services rendered. Evaluation of patient assets will consider both the asset value and amounts owed against the asset to determine if potential net worth is available to satisfy the patient payment obligation. Recognizing the need to protect basic household assets, each patient family unit evaluated will be allowed the following asset exemptions:
- i. Primary residence;
  - ii. One vehicle per patient or two vehicles per family unit;
  - iii. The first \$10,000 of monetary assets, and 50% of monetary assets after the first \$10,000; and
  - iv. Retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans.


Patients who have assets beyond those specifically exempted will be expected to leverage the assets through independent financing to satisfy the patient account.

G. Catastrophic Medical Event.

Any patient who experiences a catastrophic medical event may be deemed eligible for financial assistance as determined in the Facility’s sole discretion. The determination of a catastrophic medical event shall be based upon the amount of the patient’s family income and assets as reported at the time of occurrence. As a general guideline, any account with a patient liability for services rendered that exceeds \$100,000 may be considered for eligibility as a catastrophic medical event

H. Definition of Patient’s Family & Determination of Family Income

The “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; and (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. Documentation of family income shall be limited to recent pay stubs or tax returns. The patient’s assets or the assets of the patient’s family may not be considered.

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I. Federal Poverty Levels

The measure of 450% of the Federal Poverty Level shall be made by reference to the most up to date Health and Human Services Poverty Guidelines for the number of persons in the patient’s family or household. The current Federal Poverty Levels are as follows:

Household Size	100%	125%	300%	350%	400%	450%
1	\$12,760	\$15,950	\$38,280	\$44,660	\$51,040	\$57,420
2	\$17,240	\$21,550	\$51,720	\$60,340	\$68,960	\$77,580
3	\$21,720	\$27,150	\$65,160	\$76,020	\$86,880	\$97,740
4	\$26,200	\$34,846	\$78,600	\$91,700	\$104,800	117,900
5	\$30,680	\$38,350	\$92,040	\$107,380	\$122,720	138.060
6	\$35,160	\$43,950	\$105,480	\$123.060	\$140.640	\$158.220
7	\$39,640	\$49,550	\$118,920	\$138.740	\$158,560	\$178.380
8	\$44,120	\$55,150	\$132,360	\$154,420	\$176,480	\$198.540

\*For households with more than 8, add \$4,480 for each additional person


**SOURCE:** *Federal Register, publication date 01/17/2020, Document Citation 85 FR 3060*

2. Pricing Guidelines.

If a patient qualifies for a Discount Payment, the Facility shall limit the expected payment for medically necessary services rendered to the amount the Facility would expect in good faith to receive for providing the services from Medicare, Medi-Cal or any other government –sponsored health program of health benefits in which the Facility participates, whichever is greater. If the Facility provides a service for which there is not established payment by a government sponsored program, the Facility shall establish an appropriate discount payment. Generally, the following rates shall apply:

**Fair Pricing Rates-Reference Sheet**

<b>Outpatient Services</b>	<b>Rates:</b>
Emergency Room	Medicare guidelines
Outpatient Ancillary services	Medicare guidelines
Outpatient surgery/invasive services	Medicare guidelines
<b>Inpatient Services:</b>	<b>Rates:</b>
Inpatient Admissions	Medicare guidelines
OB Delivery	Medi-Cal/Medicaid Guidelines
Outpatient OB observation	Medi-Cal/Medicaid Guidelines

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### 3. Qualified Payment Plans.

When the Facility has determined a patient is qualified for a discount payment, the patient shall have the option to pay any or all outstanding amounts due in one lump sum payment or through a scheduled term Qualified Payment Plan. The Facility 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 36 months.

### 4. Reasonable Payment Plan.

La Palma Intercommunity Hospital shall negotiate in good faith with the patient; however, the Facility is not obligated to accept the payment terms offered by the patient. If the Facility and an individual patient or guarantor cannot reach an agreement to establish a Qualified Payment Plan, the Facility will use the “reasonable payment plan” formula as defined in Health & Safety Code Section 127400(i) as the basis for a payment plan. A “reasonable payment plan” means monthly payments that are not more than 10% of patient’s family income for a month, excluding deductions for essential living expenses as such expenses are defined in the statute.


To apply the “reasonable payment plan” formula, the Facility shall collect patient family information on income and “essential living expenses” in accordance with the statute. The Facility shall use a standardized form to collect such information. Each patient or guarantor seeking to establish a payment plan by applying the “reasonable payment plan” formula shall submit the family income and expense information as requested unless the information request is waived by the Facility.

### 5. No Interest.

No interest will be charged to Qualified Payment Plan accounts for the duration of any plan arranged under the provisions of the Policy.

### 6. Payment Default

Once a Qualified Payment Plan has been approved by the Facility, any failure to pay all consecutive payments due may constitute a payment plan default. It is the patient or guarantor’s responsibility to contact the Facility’s Business Office if circumstances change and payment plan

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terms cannot be met. However, in the event of payment plan default, the Facility will make a reasonable attempt to contact the patient or their family representative by telephone and also give notice of the default in writing. The patient shall have an opportunity to renegotiate the extended Qualified Payment Plan and may do so by contacting the Business Office within twenty-one (21) days from the date of the written notice of extended payment plan default. If the patient fails to request renegotiation of the Qualified Payment Plan within twenty-one (21) days, the payment plan will be deemed inoperative and the account may become subject to collection actions as permitted by law.

#### 7. Resolution of Disputes

Any disputes regarding a patient's eligibility to participate in the Discount Payment Program shall be directed and resolved by the Hospital's Chief Financial Officer.

##### a. Notices

In order to ensure that patients are aware of the existence of the Discount Payment Program, the following actions shall be taken:

##### b. Written Notice to Patients

Each patient who is seen at a La Palma Intercommunity Hospital, whether admitted or not, shall receive the notice attached hereto as Exhibit 1. The notice shall be provided in non-English languages spoken by a substantial number of the patients served by the hospital.

##### c. Posting of Notices


The notice attached hereto as Exhibit 2 shall be clearly and conspicuously posted in locations that are visible to the patients in the following areas: (1) Emergency Department; (2) Billing Office; (3) Admissions Office; and (4) Other Outpatient Settings. The notice shall be provided in non-English languages spoken by a substantial number of the patients served by the hospital.

#### 8. Notice to Accompany Bills To Potentially Eligible Patients

Each bill that is sent to a patient who has not provided proof of coverage by a third party at the time care is provided or upon discharge must include a statement of charges for services rendered by the hospital and the notice attached hereto as Exhibit 3. The notice shall be provided in non-English languages spoken by a substantial number of the patients served by the hospital.

#### 9. Efforts to Obtain Information Regarding Coverage & Applications for Medi-Cal

La Palma Intercommunity Hospital 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 the hospital to a patient including, but not limited to, the following: (1) Private health insurance; (2) Medicare; and/or (3)

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the Medi-Cal program, the Healthy Families Program, the California Children’s Services Program or other state-funded programs designed to provide health coverage.

If a patient does not indicate that he/she has coverage by a third-party payor or requests a discounted price or charity care then the patient shall be provided with an application for the Medi-Cal program, or other governmental program prior to discharge.

10. Collection Activities

La Palma Intercommunity Hospital may use the services of an external collection agency for the collection of patient debt. No debt shall be advanced for collection until the Director of PFS or his/her designee has reviewed the account and approved the advancement of the debt to collection. La Palma Intercommunity Hospital shall obtain an agreement from each collection agency that it utilizes to collect patient debt that the agency will comply with the requirements of AB 774 and SB1276.

Neither La Palma Intercommunity Hospital nor any collection agency utilized by La Palma Intercommunity Hospital shall report adverse information to a consumer credit reporting agency or commence civil action against the patient for nonpayment at any time prior to 150 days after the initial billing if the patient lacks third party coverage or for a patient that provides information that he or she may be a patient with high medical costs. In addition, if a patient is attempting to qualify for eligibility under La Palma Intercommunity Hospital Charity Care Policy or the Discount Payment Policy and is attempting in good faith to settle an outstanding bill with the hospital by negotiating a reasonable payment plan or making regular partial payments of a reasonable amount, La Palma Intercommunity Hospital shall not send the unpaid bill to any collection agency unless that entity has agreed to comply with AB 774 and SB1276.


Any collection agency shall comply with any payment plan entered by a patient.

La Palma Intercommunity Hospital shall not, in dealing with patients eligible under the Charity Care Policy or the Discount Payment Policy, use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.

11. Refunds

See Hospital’s Refund Policy



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Charity Care & Discounted Payment Program

Patients who lack insurance or have inadequate insurance and meet certain low- and moderate-income requirements may qualify for discounted payments or charity care. Patients should contact the La Palma Intercommunity Hospital, PFS Designee at the Hospital at xxx-xxx-xxxx to obtain further information. The Emergency Department Physicians, who are not employees of the Hospital, may also provide Charity Care or Discounted payment programs. Please contact xxx-xxx-xxxx for further information.



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Exhibit 2

CHARITY CARE & DISCOUNTED PAYMENT PROGRAM

PATIENTS WHO LACK INSURANCE OR HAS INADEQUATE INSURANCE AND MEET CERTAIN LOW- AND MODERATE-INCOME REQUIREMENTS MAY QUALIFY FOR DISCOUNTED PAYMENTS OR CHARITY CARE. PATIENTS SHOULD CONTACT LA PALMA INTERCOMMUNITY HOSPITAL, PFS DESIGNEE, AT THE HOSPITAL AT **XXX-XXX-XXXX** TO OBTAIN FURTHER INFORMATION. THE EMERGENCY DEPARTMENT PHYSICIANS, WHO ARE NOT EMPLOYEES OF THE HOSPITAL, MAY ALSO PROVIDE CHARITY CARE OR DISCOUNTED PAYMENT PROGRAMS. PLEASE CONTACT: **XXX-XXX-XXXX** FOR FURTHER INFORMATION.

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### Exhibit 3

Our records indicate that you do not have health insurance coverage or coverage under Medicare, Medi-Cal, Healthy Families, or other similar programs. If you have such coverage, please contact our office at **909-464-8975** as soon as possible so the information can be obtained, and the appropriate entity billed.

If you do not have health insurance coverage, you may be eligible for Medicare, Medi-Cal, La Palma Intercommunity Hospital Discounted Payment Program, or Charity Care. For more information about how to apply for Medicare, Medi-Cal, or other similar programs, please contact La Palma Intercommunity Hospital, PFS Designee at **xxx-xxx-xxxx** who will be able to answer questions and provide you with applications for these programs.

Patients who lack insurance or have inadequate insurance and meet certain low- and moderate-income requirements may qualify for discounted payments or charity care. Patients should contact the La Palma Intercommunity Hospital, PFS Designee, at the Hospital at **xxx-xxx-xxxx** to obtain further information. The Emergency Department Physicians, who are not employees of the Hospital, may also provide Charity Care or Discounted payment programs. Please contact **xxx-xxx-xxxx** for further information.