

SILVER LAKE MEDICAL CENTER.
FINANCIAL ASSISTANCE PROGRAM
POLICIES AND PROCEDURES

Hospital Financial Assistance Program Policy Statement

In keeping with the hospital's mission, Silver Lake Medical Center (SLMC) is a community based healthcare system, our mission is to deliver quality and compassionate healthcare to our patients and to the community we serve in a cost effective manner through a multidisciplinary, customer oriented approach. Assisting the low-income uninsured and underinsured is an important element of our commitment to the community. Our Financial Assistance Program provides the means for SLMC to demonstrate its mission and values. Our commitment will be applied consistently to all patients.

SLMC's Patients who meet certain financial criteria but do not have the means to pay their share of the liability for care provided by SLMC, as outlined in greater detail below, are encouraged to apply for financial assistance in accordance with our Financial Assistance Program.

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BACKGROUND:

In September 2006, Governor Arnold Schwarzenegger signed AB 774 (Chan, D-Oakland) into law. Intended to address “fair pricing policies” AB 774 was created in reaction to growing nationwide concern over hospital charging practices, and specifically, charges paid by uninsured and underinsured patients. AB 774 requires each hospital to maintain written policies about discount payment and charity care for financially qualified patients and to submit a copy of the same to the Office of

Statewide Health Planning and Development (OSHPD).

In August 2007, OSHPD (via Hospital Technical Letter No. 18) distributed regulations implementing AB 774. These regulations were approved by the Office of Administrative Law on August 8, 2007 and became effective September 7, 2007. Pursuant to section 127435 of the Health and Safety Code, hospitals are required to provide and report to OSHPD their:

Discount Payment Policy (partial charity care)**Charity Care Policy (free care)****Eligibility Procedures for these Policies****Review Process****Application Form for Charity Care and Discount Payment Programs**

Hospitals are required to provide these materials to OSHPD every two years, on January 1 as well as at other times when significant changes have been made.

PURPOSE:

California acute care hospitals must comply with Health & Safety Code requirements governing written policies for discounts and charity care to financially qualified patients. This policy is intended to satisfy the obligation by providing for both charity care and discounted care to patients who financially qualify under the terms and conditions of the Silver Lake Medical Center Financial Assistance Program.

The SLMC Business Office, has responsibility for general accounting policy and procedures, which includes a duty to ensure the consistent timing, recording and accounting treatment of transactions at SLMC. The Business Office is therefore responsible for the handling of patient accounting transactions in a manner that supports the mission and operational goals of Silver Lake Medical Centers.

POLICY:

This policy governs financial assistance provided by Silver Lake Medical Center and is intended to support both patient care and the financial stability of the organization. All requests for patient financial assistance, regardless of source, will be addressed in accordance with this policy.

Definitions

Full Charity Care is defined as any inpatient or outpatient hospital service provided free of charge to a patient who 1) is unable to pay for care, 2) has an income at or below 350% of the Federal Poverty Level, and 3) who SLMC determines qualifies for Full Charity Care pursuant to the requirements contained in this SLMC Financial Assistance Policy.

Discount Partial Charity Care is defined as any inpatient or outpatient hospital service provided at discounted charges to a patient who requires assistance with the payment of their hospital bill, 2) has an income between 350% and 500% of the Federal Poverty Level, and 3) who SLMC determines qualifies for partial, discount charity care pursuant to the requirements contained in this SLMC Financial Assistance Policy.

A Patient with High Medical Costs is a person whose family income does not exceed 350% of the federal poverty level if that individual does not receive a discounted rate from the hospital as a result of his or her third party coverage.

High Medical Costs means any of the following:

(1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed 10% of the patient's family income in the prior twelve months.

(2) 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 twelve months. Self-pay Patient is a patient who does not have third-party coverage from a health insurer, health care service plan, Medicare or Medicaid, and whose injury or illness is not compensable for purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital. Uninsured Patient is a self-pay patient.

Patient's Family is defined as follows:

a. For persons eighteen years of age and older, the patient's spouse, domestic partner and dependent children under twenty-one years of age, whether or not living at home;

b. For persons under eighteen years old, a parent, a caretaker relatives and other children under twenty-one years of age of the parent or caretaker relative. Full Charity and Discount Partial Charity Care Eligibility: Process and Responsibilities

Eligibility

The following categories of patients are eligible to apply for SLMC's Financial Assistance Program:

1. Any patient who is Uninsured and whose family income is at or less than 500% of the current Federal Poverty Level (FPL); or,
2. Any patient who is insured but has High Medical Costs and a family income at or below 350%

Application

SLMC utilizes a single, unified application for both Full Charity Care and Discount Partial Charity Care. The financial assistance application identifies and provides patient information necessary for determining eligibility for Full Charity Care or Discount Partial Charity Care. Eligibility alone is not an entitlement to coverage under the SLMC Financial Assistance Program. SLMC must complete a process of applicant evaluation to determine coverage before Full Charity Care or Discount Partial Charity Care may be granted. All qualified patients will be offered an opportunity to complete the financial assistance application at the time of admission. Uninsured patients will also be offered information about and referrals to government sponsored programs for which they may be eligible.

Insured patients who are unable to pay their patient liabilities after insurance has paid or those insured patients who experience High Medical Costs may also be eligible for financial assistance. Any patient who requests financial assistance will be required to complete a financial assistance application. The financial assistance application may be completed prior to service, during a patient stay or within six months after services are completed and the patient has been discharged.

Eligible patients may qualify for the SLMC Financial Assistance Program by completing the financial assistance application and providing the hospital with accurate information and supporting documentation.

Procedures for Qualification for Full Charity Care and Discount Partial Charity Care

1. Patients or their personal representative may complete an application for the Financial Assistance Program. Completion of the financial assistance application and submission of any or all required supporting documentation is required for establishing qualification for the Financial Assistance Program.
2. Hospital representatives will be available upon request to provide guidance to patients and/or their family representatives as necessary to facilitate completion of the application.
3. The application and required supporting documents are submitted to SLMC's Director of Business Office.

4. Qualification for Charity Care or Discount Partial Charity Care will be determined, based on a review of the financial assistance application in conjunction with the criteria contained in this policy. 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. A patient's qualification for financial assistance will not be based in any way on age, gender, sexual orientation, ethnicity, national origin, veteran status, disability, or religion.

5. SLMC 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.

6. Factors considered when determining whether an individual is qualified for financial assistance pursuant to this policy may include: Whether the patient has insurance under any government coverage program or other third party insurer; The patient's income and the patient family's income as documented in tax returns or recent pay stubs; and the size of the patient's family.

7. Qualification criteria are used in making each individual case determination for coverage under the SLMC Financial Assistance Program. Financial assistance will be based upon each individual determination of financial need in accordance with the Financial Assistance Program eligibility criteria contained in this policy.

8. Depending on individual patient eligibility, financial assistance may be granted for Full Charity Care or discount charity care. Financial assistance may be denied when the patient or other responsible representative does not meet the SLMC Financial Assistance Policy requirements, or does not provide information necessary to establish qualification within six months after services are completed and the patient has been discharged from care.

9. A financial assistance determination will be made only by approved hospital personnel according to the following levels of authority:

Director of Business Office: Discount accounts less than \$5,000.00

CFO and/or CEO: Discount accounts greater than \$5,000.00

CFO and/or CEO: All Full Charity Accounts

10. Once determined, Financial Assistance Program qualification will apply to the specific services and service dates for which the application has been made by the patient or patient family representative. Other pre-existing patient account balances outstanding at the time of qualification determination by the hospital may also be included.

11. Patient obligations for Medi-Cal share of cost payments will not be waived under any circumstance. However, after collection of the patient share of cost portion, any other unpaid balance (i.e. days/charges denied by the state) relating to Medi-Cal share of cost may be considered for charity care.

12. Patients at or below 500% of the FPL and granted Discount Partial Charity Care will not pay more than Medicare would typically pay for a similar episode of service. Full and Discount Partial Charity Care Income Qualification Levels

Qualification for Full Charity Care

For uninsured patients with a family income at or below 350% of the poverty income level, based upon current FPL Guidelines, when the patient meets all other Financial Assistance Program qualification requirements, the entire patient liability (100%) portion of the bill for services will be considered for a discount.

Qualification for Partial, Discounted Charity Care

For insured patients with high medical costs or uninsured patients with a family income between 351% and 500% of the established poverty income level, when the patient meets all other Financial Assistance Program qualification requirements, the patient liability may be discounted according to the following sliding scale:

351% - 400% of the FPL -75%

401% - 450% of the FPL – 50%

451% - 500% of the FPL – 25%

When Care is Covered by Third Party Insurance

If the services are covered by a third party payor and the patient qualifies for Charity Care or Partial Discount Charity Care, the patient's obligation will be limited to the amount SLMC expects to be paid after applying the applicable charity discount less the total payments received from the third party payor. If the payment from the third party payor exceeds the amount expected to be paid after applying the applicable charity discount, SLMC will consider the account paid in full and the patient will not be required to pay any amount. Additionally, in the case of an overpayment, SLMC will reimburse the qualifying patient for any amount actually paid in excess of the amount due under the Financial Assistance Program policy. For patients covered under the Medicare program, refer to the "Special Circumstances" section within this policy for additional qualifications.

When Care is not Covered by Third Party Insurance

For inpatient services the total patient payment obligation will be the inpatient Medicare DRG/LTAC DRG amount. If outpatient services are not covered by any third party insurer so that the patient would be responsible for full billed charges, the total payment obligation will be the hospital specific total gross amount that would be paid for services under the average HMO/PPO payment rate, if the patient were an HMO/PPO beneficiary. The HMO/PPO rate is reviewed and determined annually by SLMC.

Full Charity Monetary Assets Qualification

SLMC will consider monetary assets when determining whether a patient qualifies for full (100%) charity care. Monetary assets include assets that are readily convertible to cash, such as bank accounts and publicly traded stock. It does not include assets that are not liquid, such as real property. SLMC will not consider the following monetary assets: Retirement funds and accounts; Deferred compensation plans (whether qualified or non-qualified); or First \$10,000 of a patient's family qualifying monetary assets. Qualifying monetary assets will be considered, in addition to family income, when evaluating a patient's ability to pay.

SLMC may require waivers of release from the patient or the patient's family authorizing the hospital to obtain account information from financial or commercial institutions or other entities including but not limited to credit reporting entities that hold or maintain the monetary assets in an attempt to verify information the patient has provided. Information obtained pursuant to this paragraph regarding assets of the patient or the patient's family shall not be used for collection activities.

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 amounts due in one lump sum or through a scheduled term payment plan. The hospital will discuss payment plan options with each patient who requests to make arrangements for term payments. Individual payment plans, consistent with established guidelines, will be arranged based upon the patient's ability to meet the payment terms. As a general guideline, payment plans will be structured to last no longer than twelve months.

The hospital shall negotiate in good faith with the patient. However, there is no obligation to accept the 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.

Special Circumstances: Medicare Beneficiaries

SLMC will apply its Financial Assistance Program to qualifying Medicare patients to the same extent as other patients with health insurance. Medicare patients whose income does not exceed 350% of the FPL and who have High Medical Costs are eligible to apply for Charity Care and Discount Partial Charity Care. When SLMC waives all or part of a Medicare patient's co-payment amount pursuant to its Financial Assistance Policy, it will not claim the amount of the write-off as a Medicare bad debt.

Other Eligible Circumstances

Deemed Indigency Status

SLMC deems those patients eligible for government sponsored low-income assistance program (e.g., Medi-Cal or other applicable state or local low-income program) to be indigent. As such, these patients will be eligible under the Financial Assistance Policy when payment is not made by the government program. For example, patients who qualify for Medi-Cal where the program does not make payment for all services or days during a hospital stay are eligible for Financial Assistance Program coverage. Under the hospital's Financial Assistance Policy these types of non-reimbursed patient account balances are eligible for full write-off as Charity Care or as applicable, discounts as Discount Partial Charity Care. Specifically included as charity care are charges related to denied stays, denied days of care and non-covered services. All Treatment Authorization Request (TAR) denials and any lack of payment for non-covered services provided to Medi-Cal and other patients covered by qualifying low-income programs and other denials (e.g. restricted coverage) are to be classified as charity care.

A patient determined to be homeless will be deemed eligible for the Financial Assistance Program at the full charity care level.

Accounts Returned from Collection Agencies

SLMC will not send an account to a collection agency unless the agency agrees to comply with AB 774. 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.

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 examination of the patient's dispute and rationale for reconsideration. All additional relevant documentation to support the

patient's claim should be attached to the written appeal. All disputes and appeals will be reviewed by the Director of Business. The director shall consider all written statements of dispute and any attached documentation. After completing a review of the patient's claim, the director shall provide the patient with a written explanation of findings and a determination, within thirty days of such determination.

Public Notice

SLMC will post notices informing the public of the Financial Assistance Program. The notices will be posted in high volume areas of the hospital, including but not limited to inpatient admission and outpatient registration areas or other common waiting areas of the hospital. Notices will 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 and where to lodge complaints or dispute financial assistance determinations. The notices will be posted in English and Spanish and any other 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.

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 who seek or receive financial assistance. The orientation of staff and selection of personnel who will implement this policy should be guided by these values.

Good Faith Requirements

SLMC 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. SLMC's provision of financial assistance does not eliminate its right to bill, either retrospectively or at time of service for all services, when it determines that it has been provided fraudulent or purposely inaccurate information by the patient or family representative. In addition, SLMC reserves the right to seek all remedies, including but not limited to civil and criminal damages, from those patients or family representatives who provide fraudulent or purposely inaccurate information in order to qualify for the SLMC Financial Assistance Program.

Full Charity Care and Discount Charity Care Reporting

SLMC will provide documentation regarding its Financial Assistance Program in accordance with the Office of Statewide Planning and Development (OSHPD) requirements. SLMC will maintain written documentation of its charity care and Discount Partial Charity Care criteria and written documentation supporting Financial Assistance Program determinations for individual patients. Pursuant to OSHPD requirements, charity care provided to patients will be recorded on the basis of actual charges for services rendered. SLMC will provide OSHPD with a copy of this Financial Assistance Policy, including the Full Charity Care and discount partial charity care policies within a single document. The Financial Assistance Policy comprises SLMC's:

Discount payment policy (partial charity care);

Charity care policy (free care);

Eligibility and patient qualification procedures;

Unified application for full charity and Discount Partial Charity Care; and Review process for full charity and Discount Partial Charity Care

These documents will be supplied to OSHPD every two years. Any significant changes made to the Financial Assistance Policy within the required two year reporting period will be submitted at time of change.

ATTACHMENTS

Individual Notice of Financial Assistance

Posted Notice – Financial Assistance Program

Billing Notice – Statement Message

INDIVIDUAL NOTICE OF FINANCIAL ASSISTANCE

Silver Lake Medical Center (SLMC) offers a Financial Assistance Program designed to help make our services available to everyone in the community. This FAP is available to people with qualifying incomes who do not have health insurance and are unable to pay their hospital bill and patients with qualifying incomes who do have health insurance but are unable to pay their portion or the bill that health insurance does not cover. In some cases, eligible patients may not be required to pay for services; in others, they may be asked to make a partial payment or be provided payment arrangements. You may be eligible for our Charity Care program [note: Medi-Cal beneficiaries with high medical costs and income below 350% of the Federal Poverty Guideline (FPL) are eligible for charity care or discounted charity care] if your family income is at or below 350% of the Federal Poverty Level Guidelines (FPL). You may be eligible for our Discount Partial Charity Care program if your family income is between 351% and 500% of the Federal Poverty Guideline (FPL). If you think you may be eligible for our program, or if you have any questions about eligibility requirements, please inquire with your admitting representative or contact the Business Office at (213) 989-6100.

Confidentiality

We understand that the need for patient financial assistance is a sensitive and personal concern. We are committed to maintaining the confidentiality of requests and information for all who participate in the program.

POSTED NOTICE -FINANCIAL ASSISTANCE PROGRAM

IN ACCORDANCE WITH THE STATE OF CALIFORNIA AB-744, SILVER LAKE MEDICAL CENTER ENSURES THAT EVERY PATIENT RECEIVES NEEDED HOSPITAL SERVICES REGARDLESS OF ABILITY TO PAY. SILVER LAKE MEDICAL CENTER PROVIDES CHARITY CARE OR DISCOUNTED CARE ON A CASE-BY-CASE BASIS FOR PATIENTS WITH INSUFFICIENT SOURCES OF FUNDS WHO WOULD LIKELY EXPERIENCE UNDUE FINANCIAL HARDSHIP FOR PAYMENT OF MEDICAL SERVICES.

IF YOU THINK YOU MAY QUALIFY FOR CHARITY OR DISCOUNT CARE, PLEASE INQUIRE WITH YOUR ADMITTING REPRESENTATIVE TO OBTAIN A CHARITY CARE APPLICATION OR YOU MAY CONTACT THE BUSINESS OFFICE AT (213) 989-6100.

BILLING NOTICE – STATEMENT MESSAGE

Patients who have no insurance or have inadequate insurance and meet certain income requirements may qualify for discounted or free care. Patients should contact the Business Office at (213) 989-6100 to obtain further information.

