

**PACIFICA HOSPITAL OF THE VALLEY  
SUN VALLEY, CALIFORNIA**

<b>POLICY/PROCEDURE</b>		<b>MANUAL: BUSINESS OFFICE</b>
<b>SUBJECT: Charity Care Policy</b>	<b>NUMBER:</b>	<b>PAGE: 1 OF 3</b>
<b>DEPARTMENT DIRECTOR: Alex Boyko</b>		<b>FORMULATED: 2008</b>
<b>ADMINISTRATION: Ayman Mousa, RN, MBA, DHA, CEO</b>		<b>REVIEWED/REVISED: 03/11</b>

**PURPOSE**

To assist financially challenged patients or individuals with financial responsibility for a patient, in fulfilling their financial obligations to the Hospital.

To define the eligibility criteria for qualifying for the Hospital's Financial Hardship Program, and to provide administrative and accounting guidelines for the identification, classification and reporting of patient accounts as charity care.

**POLICY**

**Statement:** Pacifica Hospital of the Valley strives to enhance the health of the people in our community. In doing so we recognize that payment for the services we provide may create a financial hardship for some patients or the patient's financially responsible party.

Pacifica Hospital of the Valley patients or patient's financially responsible parties may apply for the Hospital's Financial Hardship Program at any time they or the hospital determine that the patient or patient's financially responsible parties are unable to pay the amounts due to the hospital for services provided. This includes accounts that have been written off to bad debt, but later identified as meeting the financial hardship eligibility criteria.

**Applications:** The application for the Hospital's Financial Hardship Program shall be in a form developed by the Hospital Business Office and approved by Administration and may be modified from time to time, as necessary.

**Definitions:** The definition of **Income** is annual family earnings and cash benefits from all sources before taxes, less payments made from alimony and child support.

The definition of **Real Property Equity** is defined as purchase price plus appreciation of 5% per year, minus the purchase price.

The definition of **Cash and Cash Equivalents** is cash on hand, including cash in bank accounts, certificates of deposit, and stocks, bonds, or other readily negotiable instruments. Trusts and cash value insurance policies also constitute as cash equivalents.

**Eligibility:** Eligibility or qualifications for the Hospital's Financial Hardship Program shall be based on the individual's ability to pay as defined by the Federal Poverty Income Guidelines

and asset disclosure as contained in the application. Partial or full forgiveness of amounts due to the Hospital are contingent upon:

- Lack of eligibility criteria, or
- Application and denial by available government or private fund sources, and
- The services provided by the hospital and non-elective procedures, and
- Full and complete disclosure is provided in the application, and
- The amounts due to the hospital are not an insurance co-pay.

A patient's employment status, real property equity and cash or cash equivalents, as well as potential payments from pending litigation, and third party liens related to the incident of care may be taken into consideration when evaluating Financial Hardship status.

The data used to determine eligibility for this program should be verified to the extent practical in relation to the amount involved.

**Full Charity Care:** If the financial hardship applies to the payment of an insurance deductible or Share of Cost, or to an uninsured patient or uninsured patient's financially responsible party, the following is applicable:

1. Family income is less than 350% of the most current Federal Poverty Guideline, family real Property equity is less than \$20,000, and cash or cash equivalents are less than \$2,000.

For those patients or the patient's financially responsible parties, a discount of the difference between the hospital charges and the hospital's current Medicare reimbursement for the same services shall be provided.

**Medi-Cal Denied Patient Days and Non – Covered Services:** All charges to Medi-Cal eligible patients related to denied stays, denied days of care, and non – covered services are classified as charity care.

**Homeless Patients:** Patients, who are homeless as indicated by the lack of residence, mailing address, job or insurance, qualify as charity care under this policy.

**Deceased Patients:** Patients who are deceased and without an estate or third party insurance coverage are eligible for charity care under this policy.

**Special Circumstances:** On occasion, a patient's individual circumstances, including a catastrophic incident, may be such that they do not meet the eligibility criteria in this policy but nonetheless are unable to pay their hospital bill. In these situations, part or all of the hospital charges may be forgiven as charity care, with the approval of Administration.

**Application of Policy:** This policy also applies to emergency room physician billing per AB1503.

**Eligibility Period and Form:** Each Financial Hardship Grant (Charity Care write-off) made by the hospital will be in writing, date of service specific, and non-revocable, except where intentional misinformation was provided on the application or an alternative method of payment is discovered. If the Patient or the Patients Financially Responsible Person has

multiple accounts, and still meets the criteria as presented in the policy, the single application may at the discretion of the hospital, cover all dates of service for the multiple accounts.

**Accounting and Record Keeping:** It is important that the Hospital accurately track and monitor the amount and type of Charity Care granted. The Hospital Accounting Department and Business office shall establish adjustment codes and general ledger accounts to effectively and accurately account for these adjustments.

Records relating to potential Charity Care Patients must be kept readily available. The Business Office shall develop a system to keep all documents and forms of patients applying for eligibility, as well as all hospital forms and determinations regarding approval or disapproval of the grant.

**Roles and Responsibilities:** Procedures must be adopted by the Hospital Business Office to clearly address the various responsibilities in the determination of Charity Care. This includes contacting the patient, providing information, assisting the patient, determining charity care eligibility, and notifying patient of the determination.

**Approval of Charity Care:** The COO/CFO is required to approve Financial Hardship Grants where the account balance exceeds \$15,000. The Business Office Manager may approve Financial hardship grants for accounts with a balance of \$14,999 and less.

**Public Notice:** A sign indicating the availability of the hospital's Financial Hardship program shall be posted in the Hospital Emergency Department and Patient Admitting Department.

A statement on the first bill sent to all patients will read as follows: Pacifica Hospital makes Financial Hardship Grants, Public Assistant Referrals, Financial Counseling Services, Uninsured Patient Discounts and Prompt Payment Discounts available to our patients. For more information. Please call (818) 252-2143.

Attached: Financial Hardship/Charity Application  
Financial Hardship/Charity Worksheet  
Financial Hardship/Charity Letter of Determination