

VERDUGO HILLS HOSPITAL

Subject: Fair Pricing Policy		Policy/Procedure #: 4.025
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Manual: Administrative	Effective Date: 1/2007	Reviewed/Revised Date: 12/2011

PURPOSE: Fair Pricing Policy Initiative

POLICY: In accordance with its mission and responsibility to the community it serves, Verdugo Hills Hospitals (the Hospital) will provide a fair pricing policy intended to reduce the financial hardship of high medical costs on uninsured individuals or individuals who may qualify for government-sponsored health insurance or discounted health care services. This policy describes the hospital's obligation to provide government-sponsored health insurance applications, payment discounting or waiving payments for services provided to patients with family incomes less than 350% of the federal poverty levels, see Exhibit II, in compliance with the State of California Assembly Bill 774 and with federal Medicare guidelines.

The procedure for determining eligibility will be applied consistently to all patients based on information provided by the patient and services provided.

The Hospital fair pricing policy applies only to hospital services and does not extend to Physician charges or Hospital-based Physician charges such as Anesthesia, Radiology, Pathology and the Emergency Room.

All patients identified as uninsured or underinsured with family incomes less than 350% of the federal poverty levels will have access to the Hospital's fair pricing policy. The amount of the discount will be based on their individual circumstances. The Hospital will exercise flexibility by taking into account relevant variables such as family size and income.

This policy also includes fair pricing quotes for uninsured customers with incomes in excess of 350% of the federal poverty levels. Additional pricing programs may be established for elective, cosmetic, non urgent/non emergent or services not covered by insurance.

Verdugo Hills Hospital will not use wage garnishments or liens on primary residences as a means to collect patient account balances.

No differentiation in the quality of services provided by Verdugo Hills Hospital will be made based on an individual's race, creed, color, sex, national origin, sexual orientation, handicap, age or ability to pay.

This policy covers the communication of the Hospital's fair pricing policy and the written notices given to all patients who have indicated uninsured status.

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PROCEDURES:

1. Communication of Policy:

- a. Signs explaining the availability of fair pricing policy discounts will be displayed in the hospital's Main Admitting, Emergency, Physical Therapy and Radiology patient registration and waiting areas.
- b. All Patient Service Representatives and Business Office personnel will be qualified to explain the fair pricing policy and to assist patients in applying for government-sponsored health insurance such as Medicare, Healthy Families, Medi-Cal and California Children's Services programs in addition to available price discounts and charity care assistance.
- c. Patients without proof of insurance will be interviewed by the Patient Service Representative. Each patient will be given a copy of the "Notice of Hospital Fair pricing (Charity Care) Policy to Uninsured and Underinsured Patients", Exhibit I. During the interview, the patient or guarantor will be asked to elect a program, to sign the Notice verifying receipt of the notification and authorization for the release of credit history. If patients leave prior to this process the Notice will be delivered by mail and attempts to contact the patient will be made and documented.
- d. The Hospital will provide a complete copy of the fair pricing policy with the Office of Statewide Health Planning and Development as required on January 1, 2008 and every other year thereafter on January 1 or whenever a significant change is made.

2. Eligibility for fair pricing and associated discounting or charity care:

- a. Patients not covered by insurance nor eligible for government-sponsored health insurance such as Medicare, Medi-Cal, Healthy Families or California Children's Services programs with family incomes less than 350% of the federal poverty level, see Exhibit II, are eligible for partial or fully discounted care. Qualification is based on of income and excludes asset testing. Full discounting when family income is less than 200% of federal poverty levels.
- b. Insured patients with family incomes less than 350% of the federal poverty level who have out-of-pocket medical expenses in the prior 12 months, whether or not at the hospital, which exceed 10% of the family's total income, qualify for discounted services. Qualification is based on income and includes asset testing.

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The first \$10,000 of monetary assets is not counted and only 50% of assets over \$10,000 are included to determine eligibility.

- c. In order to determine the amount of financial assistance, the patient will need to provide the following information within 150 days of service:
 1. The Financial Assistance Worksheet, see Exhibit III.
 2. Pay stubs reflecting gross income for the last three months for all family members counted in the family size; including documents from other sources of income such as, disability, workers compensation, general relief, etc. No asset testing will be done at this time.
 3. A complete copy of prior year tax returns for all family members.
 - d. Based on the information provided by the patient in section 2c above, Business Office personnel will determine the amount of discount to be applied by using the sliding scale formula provided in Exhibit IV.
 - e. The application of the fair pricing policy is dependent on the cooperation of the patient to provide financial information. The patient will be expected to apply for government-sponsored health insurance within 30 days of service or provide minimal financial information in order to determine the appropriate amount of discounts or waived payments for which they may be eligible.
 - f. Patients who withhold or do not provide insurance coverage information, apply for government-sponsored health insurance or provide financial information for discount purposes will be considered non-compliant and will be sent to a hospital business associate for collection proceedings at 150 days from initial billing. Services will be billed based on hospital determined rates comparable to those paid by the Medicare program.
 - f. The patient may appeal and request reconsideration and provide the required information listed above.
 - h. In cases where documentation is unavailable, the patient may attest to accuracy of the information provided in the application by their signature or verbal attestation. If a patient is deceased or a patient is reasonably considered „homeless“ or „transient“ and so states, then no further documentation is needed to qualify for charity care.
3. Each application for financial assistance will be approved by the Director of Business Services, or his/her designee, prior to sending the letter to the patient and adjustment of the

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account balance. The Director's designee may approve each application for full charity care discount. The Director is designated to review all appeal requests and provide final disposition. The Chief Financial Officer will be consulted when an exceptional circumstance is present in the final disposition process.

4. Medicare federal policy requires that after third party payments, discounts on co-payments to medically or financially indigent Medicare beneficiaries are allowed. Medicare policy requires asset / resource testing as a condition of that indigent or discount determination to be eligible for discounts on deductibles or co-payments. The Hospital will follow Medicare public law in determining qualifying discounts including those described in number 12 of this policy. Refer to Medicare Provider Resource Manual (PRM I Section 312)
5. In no case will the payments expected in the Hospital's fair pricing policy be less than Medicare reimbursement unless the patient qualifies for full or partial charity care as a result of being at or below the 350% federal poverty level as defined by the State of California Assembly Bill 774.
6. Payment Programs:
 - a. Patients who are determined to have a responsibility for some portion of their bill may request arrangements to pay the amount over a period of time interest free.
 - b. Patients who repeatedly miss payments will be deemed unwilling to make agreed upon payments and will be referred to the Hospital's business associates for collection proceedings.
7. Fair pricing quotes for uninsured patients in advance of services for elective procedures may be requested. In absence of previously determined pricing for procedures, Business Services will provide price quotes upon request from Physician's offices.
 - a. Obtain from the physician's office all procedures or tests to be completed. The request is to be based on CPT4 procedure codes to assure correct quotes.
 - b. Quoted prices for each CPT4 procedure code will be based on the current Medicare fee schedules and DRG rates times a multiplier. The multipliers are,
 1. Laboratory, Radiology, Emergency Room, Wound Care, at Medicare times 2.
 2. Outpatient Surgery, GI Laboratory, Home Health at Medicare times 1.1
 3. Inpatient stays at Medicare DRG rates 1.5 plus additional days in excess of the Medicare Arithmetic Length of Stay at \$1,875 each

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- c. Fax the price quote using the letter in Exhibit V to physician's office to coordinate with patients, the pricing information is approved by the Director, Supervisor or designee.
8. Accounting for discounts under the fair pricing policy:
 - a. Discounts for services to patients with incomes over 350% of the (FPL) federal poverty levels will be accounted for as "administrative" discounts. Discounts for services to patients with incomes less than 350% of the federal poverty levels will be accounted for as charity care. Full discounting as charity care if the family income is less than 200% of federal poverty level.
 - b. Charges for services provided to eligible Medi-Cal patients that are not paid for by Medi-Cal, will be accounted for as charity. This includes charges related to denied hospital stays, denied days of care and non-covered services. Treatment Authorization Requests (TAR) denials and any lack of payment for non-covered services provided to patients eligible for or covered by Medi-Cal, will be accounted for in the charity care program.
 - c. Co-insurance and deductibles for Medicare patients who have Medi-Cal Secondary coverage will be considered charity to the extent that these co-insurance and deductible amounts are not covered by Medi-Cal and Medicare does not reimburse them as bad debt.
9. Legal relationship between hospital, emergency room physicians and emergency room nurse practitioners providing emergency medical services regarding fair pricing policy:
 - a. Emergency room physicians and emergency room nurse practitioners are independently contracted and are not employees of the hospital, therefore, bill separately. Emergency room physicians and associated independent practitioners providing emergency medical services will develop charity care and discounted payment policies for eligible patients that are uninsured or have high medical costs per AB 1503.

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Change/Revision Table

Author	Reviewed/ Revised By	Review/ Revision Date	Description of Change <small>(may include page #'s or key process changes)</small>
Admin	J Cramer	10/2011	Procedures # 3 Formalized appeal process
Admin	J Cramer	12/2011	Added # 9 ER physicians

Attachments:

- EXHIBIT I: Notice of Hospital Fair Pricing (Charity Care) Policy for Uninsured and Underinsured Patients
- EXHIBIT II: Percentage of Federal Poverty Level Guidelines 350%
- EXHIBIT III: Financial Assistance Worksheet
- EXHIBIT IV: Determining Discount Rates
- EXHIBIT V: Request for Fair Pricing Quote for Uninsured Services

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EXHIBIT I
NOTICE OF HOSPITAL FAIR PRICING (FINANCIAL ASSISTANCE)
POLICY
TO UNINSURED AND UNDERINSURED PATIENTS

Patient Name _____
Account Number _____
Date of Service _____

Verdugo Hills Hospital has a Fair Pricing Policy in accordance with California Assembly Bill 774. The policy intends to reduce the financial hardship of the uninsured and underinsured with high medical costs.

YOU MAY BE ELIGIBLE FOR GOVERNMENT SPONSORED HEALTH PROGRAMS

You may be eligible for Medicare, Healthy Families Programs, Medi-Cal, California Children's Services Program, or Financial Assistance. Information may be obtained by calling the State Office of Social Services or visit the Glendale Office of Social Service for Medi-Cal and Healthy Families Program.

GLENDALE STATE OFFICE OF SOCIAL SERVICES
4680 San Fernando Road
Phone: 818-546-6200
Or
Department of Human Services
General Information about Government Programs
818-901-4120

Additional services are available through the cities of Glendale and Pasadena Public Health Departments and programs such as Glendale Healthy Kids Program, 818-548-7931.

For Medicare Social Security Disability Benefits or to apply for Long Term Disability call the United States Department of Social Security 1-800-772-1213.

For California Children's Services Program you may be referred by contacting your personal primary care physician.

You may wish to pursue Credit Counseling with a Credit Counseling service in your geographic area where you reside.

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YOU MAY BE ELIGIBLE FOR DISCOUNTED MEDICAL SERVICES

Who is eligible for discounted medical services? You are eligible for discounted medical services or extended payment arrangements if your family is,

not covered by insurance or eligible for government-sponsored health insurance such as Medicare and Medi-Cal

uninsured and the family income is above 350% of the federal poverty level. Services provided to you will be billed at rates comparable to those paid by Medicare. You will be given an opportunity to negotiate payments and the terms of your payment plan.

uninsured and the family income is at or below 350% of the federal poverty level.

Based on your family income you may qualify for partial financial assistance discounting or full discounting if family income is less than 200% of the federal poverty level. Payment plans will be interest free. January 20, 2011 Poverty Guidelines:

Persons in Family or Household	At poverty Level Annual Income	Persons in Family or Household	350 % Annual Income
1	\$10,890	1	\$38,115
2	\$14,710	2	\$51,485
3	\$18,530	3	\$64,855
4	\$22,350	4	\$78,225
5	\$26,170	5	\$91,595
6	\$29,990	6	\$104,965
7	\$33,810	7	\$118,335
8	\$37,630	8	\$131,705
ea ad'l	\$3,820	ea ad'l	\$13,370

non-contracted insured and the family income is at or below 350% of the federal poverty level and has out-of-pocket medical expenses in the prior 12 months that exceed 10% of the total family's income. Based on your family income you may qualify for full or partial financial assistance discounting for selected hospital services. Payment plans will be interest free.

How do you establish eligibility for Fair Pricing discounts?

by disclosing your family's insurance information, including other coverage such as workers compensation or third party liabilities such as auto and homeowners insurance. If insurance or other third party liability coverage is identified later you will notify the hospital and make financial arrangements for repayment of services. (Insurance companies have time limits to file claims).

by providing financial information to document family size and income such as original pay stubs of all working family members and copies of tax returns for the most recent year. Patients who do not provide insurance or financial information within 150

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days from the date of service will be sent to a hospital business associate for collection activity which may affect the family's credit report.

I WISH TO APPLY FOR THE FOLLOWING DISCOUNT PROGRAM

_____ Uninsured patient seeking application for government-sponsored health insurance I will be responsible for completing the application and filing with the office of California Social Services or the Department of Social Security. During the application approval process I will be responsible for making minimum payments which will be refunded when eligibility is determined. Department of Human Services 818-901-4120.

Medi-Cal eligibility is generally available for persons with income less than the federal poverty levels and with dependent children. As a courtesy to me, the Hospital will make available the Medi-Cal application.

Medicare coverage may be available for persons under the age of 62 who will be disabled for more than one year. I will be responsible for contacting the Department of Social Security for the application.

_____ Uninsured patient with income above 350% of the federal poverty level seeking discounted payment rates.

_____ Uninsured patient with income less than 350% of the federal poverty level seeking partial or full financial assistance discount.

- ✓ I hereby give authorization for Verdugo Hills Hospital to check my employment history for the purpose of determining my eligibility for financial assistance.
- ✓ I agree to provide financial information such as pay stubs and tax returns

_____ Insured patient with high medical costs and income less than 350% of the federal poverty level seeking partial or full financial assistance discount.

- ✓ I hereby give authorization for Verdugo Hills Hospital to check my employment history for the purpose of determining my eligibility for financial assistance
- ✓ I agree to provide financial information such as pay stubs, unemployment check stubs, disability income or tax return to determine my eligibility.

Patient or Guarantor Signature: _____

Date: _____ Hospital Representative _____

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For additional clarification contact the Business Office 818.949.4055

Form: RCOM 1004 – 001 Revised 2/2011, 10/2011

EXHIBIT II January 20, 2011 Poverty Schedule

Persons in Family or Household	At poverty Level Annual Income	Persons in Family or Household	350 % Annual Income
1	\$10,890	1	\$38,115
2	\$14,710	2	\$51,485
3	\$18,530	3	\$64,855
4	\$22,350	4	\$78,225
5	\$26,170	5	\$91,595
6	\$29,990	6	\$104,965
7	\$33,810	7	\$118,335
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EXHIBIT III: FINANCIAL ASSISTANCE APPLICATION

PATIENT NAME _____ APPLICATION DATE _____

ACCOUNT NUMBER(S) _____ DATE OF SERVICE _____

GUARANTOR NAME _____

GUARANTOR ADDRESS _____

GUARANTOR PHONE NUMBER _____ SSN GUARANTOR _____

SSN PATIENT _____ SPOUSE _____

IS PATIENT COVERED BY INSURANCE? _____ MEDICARE _____ MEDI-CAL _____ OTHER _____

FAMILY SIZE: Number of Adults (including yourself) _____ Number of Children (Under 18) _____

EMPLOYMENT AND OCCUPATION:

EMPLOYER _____ POSITION _____

CONTACT PERSON & PHONE NUMBER: _____

CURRENT MONTHLY INCOME:

	Guarantor	Family Members
Gross Pay (before deductions)		
Income from Business		
Other Income:		
Interest & Dividends		
From real estate / property		
Social Security		
Other (specify)		
Alimony, support payments made		

Total Estimated Annual Income _____

I agree to allow Verdugo Hills Hospital to check employment history and verify information provided above for the purpose of determining my eligibility for additional financial discounts. I understand that I am required to provide financial income information such as pay stubs, unemployment check stubs, disability income, and/or my last filing of the Federal 1040 tax return of all working family members claimed on this form.

(Signature of patient or guarantor)	(Signature of spouse)
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EXHIBIT IV

Outpatient Medicare fee schedule amount	#	\$18.00
Outpatient Surgery Medicare fee schedule amount	#	
Inpatient Medicare DRG rate	#	
Hospital Fair Pricing amount		\$36.00
family size	1	\$35,029
	2	\$46,084
	3	\$56,277
	4	\$72,149
	5	\$85,337
	6	\$96,460
	7	\$109,218
	8	\$121,709
family size		1
family income		
350% poverty level based on family size	#	\$35,029.00
family income divided by 350% poverty level		29.15%
multiply % times 350%		102.04
subtract from 350%		248
patient receives this % discount		100%
Patient Pays		\$0.00

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EXHIBIT V

Thank you for your request for a Fair Pricing Quote for uninsured services. This is an estimate since care and treatment may vary depending on what specific needs are subsequently determined by the physician.

Discount rates apply to uninsured patients or non-covered services. Patients must not have any type of insurance that would cover any portion of the services requested.

This is not intended to imply or express any negotiated discount rate it is an **estimate only**.

Patients Name: _____ D.O.B: _____ Phone #: (____) _____

Physician: _____ **Phone:** _____

Outpatient Lab Outpatient Radiology Outpatient Surgery Inpatient

Copy of Physician's Diagnosis Yes No

Physician Stated: Procedures / Diagnosis / Estimated length of stay _____

ICD9: _____

CPT4 CODES: _____

Estimate of Hospital charges only, excludes Physicians, Anesthesiologist, Radiologists and Pathologists charges:

Routine Laboratory pre-operative testing is included in this estimate.

Additional Charges for Pre-surgical diagnostic testing are as follows:
Chest X-Ray \$ 98.85 EKG \$ 55.35:

Other pricing for MRI, MRA and Invasive Radiology pre-surgical diagnostics will be available upon request from the physician's office.

Other diagnostic testing requested _____ **\$** _____

Estimated Amount \$ _____ **Required Deposit \$** _____

Quoted by Name: _____ **Ext:** _____ **Faxed Date:** _____

Verdugo Hills Hospital Business Office Phone: 818-949-4055 Fax: 818-949-4006

Form: RCOM 1004-003 revised 10/2011