






 <b>Stanford</b> Children's Health 	<b>Approval Date:</b> September 2018	<b>Last Revision Date:</b> September 2018
	<b>Approved by:</b>  	
<b>Departments Affected:</b> All Departments		
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<b>Name of Policy:</b> Financial Assistance / Charity Care Policy		

**I. POLICY STATEMENT**





To define the eligibility criteria and application process for financial assistance for patients who receive healthcare services at Lucile Packard Children’s Hospital Stanford (LPCHS) and who are uninsured or underinsured.

**II. DEFINITIONS**

- A. Amount Generally Billed (AGB): the amounts generally billed for emergency or other medically necessary care to individuals who have insurance covering such care.
- B. Charity Care: A 100% waiver of patient financial obligation for medically necessary services provided by LPCHS and included in priority listing (See Section IV.D. below). (Uninsured and underinsured patients with annualized family incomes not in excess of 400% of the Federal Poverty Guidelines may be eligible for fully discounted care.)
- C. Eligibility Qualification Period: Patients determined to be eligible may be granted Financial Assistance for a period of twelve (12) months. Financial Assistance will also be applied to eligible accounts incurred for services received prior to the Financial Assistance application date.
- D. Emergency medical conditions: As defined within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395dd), LPCHS treats persons from outside of an LPCHS service area if there is an emergent, urgent, or life-threatening condition.
- E. Family: For patients 18 years or older, the patient’s spouse, registered domestic partner, and dependent children under 21 whether living at home or not. For patients under 18 years of age, family includes patient’s parent, caretaker relatives, and other children under 21 years of age of the parent or caretaker. If a patient claims a dependent on their income tax return, according to the Internal Revenue Service rules, that individual may be considered a dependent for the purposes of determining financial assistance eligibility. Any and all resources of the household are considered together to determine eligibility under this Policy.
- F. Family Income: Family Income is determined using the U.S. Census Bureau definition when determining eligibility based on the Federal Poverty Guidelines.
  - 1. Includes earnings, unemployment compensation, workers’ compensation, Social Security, Supplemental Security Income, public assistance, veterans’ payments, survivor benefits, disability payments, pension or retirement income, interest, dividends, rents, royalties, income from estates and trusts, educational assistance, alimony, child support, financial assistance from outside the household, and other miscellaneous sources;
  - 2. Non-cash benefits (i.e. Medicare, Medicaid, and Golden State Advantage card EBT benefits, heat assistance, school lunches, housing assistance, need-based assistance from non-profit organizations, foster care payments, or disaster relief assistance) are not counted as income for making an eligibility determination for financial assistance;
  - 3. Capital gains or losses Determined on a before-tax basis; and

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4. A person's family income includes the income of all adult family members. For patients under 18 years of age, family income includes that of the parents and/or step-parents, unmarried or domestic partners, or caretaker relatives.
- G. **Federal Poverty Guidelines:** Federal Poverty Guidelines are updated annually in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current guidelines can be referenced at <http://aspe.hhs.gov/POVERTY/>
- H. **Financial Assistance:** Assistance provided to patients for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for medically-necessary services provided by LPCH and who meet the eligibility criteria for such assistance. Under this Policy, Financial Assistance is either Charity Care or Financial Hardship Discount.
- I. **Financial Hardship Discount:** A partial waiver of patient financial obligation resulting from medically necessary services provided by LPCHS. Uninsured and underinsured patients with annualized family incomes not in excess of 400% of the Federal Poverty Guidelines may be eligible for partially discounted care.
- J. **Guarantor:** For the purposes of this Policy, the individual who is financially responsible party for payment of an account balance, and who may or may not be the patient.
- K. **Gross Charges:** The total charges at the organization's full established rates for the provision of patient care services before deductions from revenue are applied.
- L. **Healthcare Services:** Medically Necessary (as defined below) hospital and physician services, including services to treat Emergency Medical Conditions.
- M. **Medically Necessary:** As defined by Medicare as services or items reasonable and necessary for the diagnosis or treatment of illness or injury.
- N. **Proof of Income:** For purposes of determining Financial Assistance eligibility, LPCHS will review annual family income from the prior two (2) pay periods and/or the prior tax year as shown by recent pay stubs or income tax returns and other information. Proof of earnings may be determined by annualizing the year-to-date family income, taking into consideration the current earnings rate.
- O. **Reasonable Payment Plan:** An extended interest free payment plan that is negotiated between LPCH and the patient for any patient out-of-pocket fees. The payment plan shall take into account the patient's income, essential living expenses, assets, the amount owed, and any prior payments. Patients who qualify for financial hardship discount will be offered a payment plan if patient expresses inability to pay for the balance on the account after discount.
- P. **Uninsured Patient:** An individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program (including without limitation Medicare, Medicaid, SCHIP and CHAMPUS), Worker's Compensation, or other third party assistance to assist with meeting his/her payment obligations.

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- Q. An Uninsured Patient also includes patients that have third-party coverage, but have either exceeded their benefit cap, been denied coverage or does not provide coverage for the particular Healthcare Services for which the patient is seeking treatment from LPCHS.
- R. An individual who has third-party coverage but such third-party payor has deemed LPCHS and/or its physicians are not participating providers or “out of network” is not an Uninsured Patient.
- S. Underinsured Patient: An individual, with a private or public insurance coverage, for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for Healthcare Services provided by LPCHS.

### III. **PROCESS**





- A. LPCH is committed to providing financial assistance in the form of a Financial Hardship Discount or Charity Care (together referred to in this Policy as Financial Assistance) to uninsured and underinsured individuals who seek and obtain healthcare services from LPCHS but are not able to meet their payment obligations to LPCHS without assistance. LPCHS desires to provide this assistance in a manner that addresses the patients’ individual financial situations, satisfies the hospital’s not-for-profit and teaching missions, and meets its strategic, operational, and financial goals.
  - 1. Financial Assistance is not to be considered a substitute for personal responsibility. Patients are expected to cooperate with LPCHS’s Financial Assistance requirements, and to contribute to the cost of their care based on their individual ability to pay.
  - 2. Does not address LPCHS’s billing and collection policy, which can be found in LPCHS’s [Debt Collection Policy](#).
  - 3. LPCH’s Debt Collection Policy, Financial Assistance Policy, Financial Assistance Plain Language Summary (PLS), Amounts Generally Billed (AGB) Calculation, Financial Assistance Application, Uninsured Patient Discount Summary are readily available on our website under [Financial Assistance](#).
  - 4. To obtain a free, paper copy of the Debt Collection Policy, Financial Assistance Policy, Financial Assistance Plain Language Summary (PLS), Amounts Generally Billed (AGB) Calculation, List of Participating Physicians and Non Participating Physicians, and Uninsured Patient Discount Policy, contact our Financial Counseling Department at (650) 498-7003. To pick up these documents in person, our Business Office is located at 4700 Bohannon Drive, Menlo Park, CA 94025-9804.
  - 5. Translations of all these documents are available on our website and as paper copies, available free of charge, in the primary language spoken by each population with limited English proficiency that constitutes the lesser of 1,000 individuals or 5 percent of the community that LPCHS serves.
- B. General guidelines
  - 1. Eligible services

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- a. Financial Assistance under this Policy shall apply to Medically Necessary hospital and physician services.
  - b. In the event that there is uncertainty as to whether a particular service is Medically Necessary, a determination shall be made by the Chief Medical Officer of LPCHS.
  - c. Participating and non-participating provider list can be found on our website under [Financial Assistance](#).  
NOTE: Please note Services NOT Eligible under the Financial Assistance Program (FAP). If FAP participating provider provides services NOT eligible (list below), these services are not eligible services for financial assistance as these are deemed elective services.
2. Service not eligible
    - a. Services that are generally not considered to be Medically Necessary and are therefore not eligible for Financial Assistance include:
      - 1) Reproductive Endocrinology and Infertility services
      - 2) Cosmetic or plastic surgery services
      - 3) Vision correction services including LASEK, PRK, Conductive Keratoplasty, Intac's corneal ring segments, Custom contoured C-CAP, and Intraocular contact lens
      - 4) Hearing aid and listening assistive devices
    - b. In rare situations where a physician considers one of the above referenced services to be Medically Necessary, such services may be eligible for Financial Assistance upon review and approval by the Chief Medical Director of LPCHS.
    - c. LPCH reserves the right to change the list of services deemed to be not eligible at its discretion.
  3. Patient Eligibility for Financial Assistance – General Provisions
    - a. All patients who receive Healthcare Services at LPCHS may apply for Financial Assistance.
    - b. All individuals applying for Financial Assistance are required to follow the procedures and provide necessary financial documents
    - c. LPCHS shall determine eligibility for Charity Care or a Financial Hardship Discount based on an individual determination of financial need in accordance with this Policy, and shall not take into account an individual's age, gender, race, sexual orientation or religious affiliation.
    - d. Applicants for Financial Assistance are responsible for applying to public programs for available coverage. They are also expected to pursue public or private health insurance payment options for Healthcare Services provided by LPCHS. The patient's, or a patient's guarantor's, cooperation in applying for applicable programs and identifiable funding sources, including COBRA coverage

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- (a federal law allowing for a time-limited extension of health care benefits), is required.
- e. Patients, or patient's guarantors, who do not cooperate in applying for programs that may pay for their Healthcare Services, will be denied Financial Assistance. LPCHS shall make affirmative efforts to help a patient or patient's guarantor, apply for public and private programs.
  - f. In accordance with Federal Emergency Medical Treatment and Labor Act (EMTALA) regulations, no patients shall be screened for Financial Assistance or payment information prior to the rendering of services to resolve Emergency Medical Conditions.
  - g. The Federal Poverty Guidelines shall be used for determining a patient's eligibility for Financial Assistance. Eligibility for Financial Assistance will be based on family income.
4. Charity care
- a. LPCHS shall grant Charity Care to those patients who apply for Financial Assistance and whom LPCHS determines as eligible. LPCHS shall make that determination subject to the following priorities:
    - 1) First Priority: Patients who receive emergency services are LPCHS's first priority for Charity Care. (Consistent with EMTALA, LPCH's determination of eligibility for Financial Assistance cannot be made until the patient has received legally required screening and any necessary stabilizing treatment.)
    - 2) Second Priority: Patients who have had or will have Medically Necessary services and for whom LPCHS is the closest hospital to the individual's home or place of work. (In general, if there is a county hospital in the county in which the patient lives or works, and the county hospital can provide the non-emergency service that the patient needs, the patient will be directed to that county hospital.)
    - 3) Third Priority: Patients who have had or will have Medically Necessary services and for whom LPCHS is not the closest hospital to the patient's home or place of work, but for whom one or more of the following factors applies are LPCHS's third priority for Charity Care:
      - a) the patient has a unique or unusual condition which requires treatment at LPCHS as determined by the Chief Medical Director; or
      - b) the patient presents a teaching or research opportunity that will further LPCHS's teaching missions, as determined by the Chief Medical Director and either the Chief Financial Officer or Chief Revenue Officer.





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- b. LPCHS may grant Charity Care for specialized high cost services subject to the review and approval of the Chief Medical Officer and Chief Revenue Officer.
  - c. LPCHS shall determine a patient's eligibility for Charity Care in accordance with the procedures set forth in the process for applying for financial assistance listed below.
5. Under the Financial Hardship Discount, LPCHS shall limit the expected payment for Healthcare Services to a patient who does not qualify for Charity Care, as described above, but otherwise qualifies for Financial Assistance, as defined above, to a discounted rate comparable to LPCHS's government payers.
  - a. LPCHS will extend to the qualified patient a Reasonable Payment Plan.
  - b. LPCHS shall determine a patient's income and eligibility for a Financial Hardship Discount according to the process for applying for financial assistance section below.
  - c. LPCHS's method for determining the AGB for Emergency or other Medically Necessary Services is to multiply the gross charges for any Emergency or other Medically Necessary Services it provides by AGB percentages, which are based on claims allowed under Medicare. See Part II, above, for information regarding obtaining a copy of LPCHS's AGB percentages and a description of LPCHS's AGB calculation.
  - d. No patient found eligible for Financial Hardship Discount will be billed Gross Charges nor more than AGB for Emergency or other Medically Necessary services covered under this Policy, including any patient copay, deductible, or coinsurance obligation.
  - e. A discount of at least eighty percent (80%) will be granted to patient who qualify for a Financial Hardship Discount. The discount will be applied to gross charges for Medically Necessary services rendered to uninsured patients, or to gross charges for Medically Necessary services that are not covered by the insured patient's benefit plan. LPCHS's AGB is twenty percent (20%), which is the Medicare reimbursement rate. The AGB percentage is calculated by using claims allowed by Medicare for services with a discharge date from the previous fiscal year. For these claims, the sum of all allowable reimbursement amounts is divided by the associated gross charges. At its discretion, LPCHS may apply the Financial Hardship Discount to a qualifying insured patient's copay, deductible, or coinsurance.
  - f. Amounts charged to Uninsured Patients are subject to the principles and procedures of the [LPCHS Uninsured Patient Discount](#) Policy and shall not exceed 60% of listed charges. Additional information regarding the [Uninsured Patient Discount Policy](#) can be obtained by contacting LPCHS Financial Counseling.
6. Applying for financial assistance

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- a. Any patient who indicates an inability to pay an LPCHS bill for Healthcare Services shall be evaluated for Charity Care, other sources of funding, or a Financial Hardship Discount by LPCHS Financial Counseling Team.
- b. Any LPCHS employee who identifies a patient whom the employee believes does not have the ability to pay for Healthcare Services shall inform the patient that Financial Assistance may be available, and that applications are available in Patient Financial Services, Patient Admitting Services, the Emergency Department, all clinics, Customer Service, Financial Counseling, Patient Relations and Social Services spoken by each population with limited English proficiency that constitute the lesser of 1000 individuals or 5 percent of the community that LPCHS serves.
- c. A patient may be screened initially by an LPCHS financial counselor prior to receiving non-emergent services to determine whether or not the patient or Family can be linked to any public or private payer source. If the Healthcare Service has not yet been provided and is not an emergency, the financial counselor will also help the patient determine whether there is a county hospital in the county in which the patient works or resides that can provide the services.
- d. LPCHS expects patients to cooperate fully in providing information necessary to apply for governmental programs for which the patient may be eligible, such as Medicare or Medi-Cal, or through the California Health Benefit Exchange. In addition, the patient will be asked to fill out a Financial Assistance Application.
- e. Any patient who applies for Financial Assistance must make every reasonable effort to provide LPCHS Proof of Income and health benefits coverage. If a patient files an application and fails to provide information that is reasonable and necessary for LPCHS to make a determination as to eligibility for Financial Assistance, LPCHS may consider that failure in making its determination. The LPCHS Financial Counseling Team will inform patients of the consequences of failure to provide complete information on a timely basis.
- f. In the event LPCHS denies Charity Care or a Financial Hardship Discount to a patient who has fulfilled the application requirements set forth in this Policy, the patient may seek review of that determination by contacting the LPCHS Financial Counseling Team.
- g. Unless a patient is informed otherwise, Financial Assistance provided under this Policy shall be valid for the Eligibility Qualification Period as defined above. However, LPCHS reserves the right to reevaluate a patient's eligibility for Financial Assistance during that one year time period if there is any change in the patient's financial status.





Mail completed application and all required documents to:  
Financial Assistance

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4700 Bohannon Drive  
Menlo Park, CA 94025

- h. For questions or inquiries about financial assistance application, including assistance with completing the application, or obtain paper copies of any financial assistance documents, please contact (650)498-7003 or email [PFA@stanfordchildrens.org](mailto:PFA@stanfordchildrens.org)
7. Notification about financial assistance
- a. Post this policy, a Plain Language Summary, Amounts Generally Billed (AGB) Calculation, and the LPCHS Financial Assistance Application on the [LPCHS website](#).
  - b. Conspicuously post notices on the availability of Financial Assistance in emergency departments, urgent care centers, admitting and registration departments, Patient Financial Services, and at other locations that LPCHS deems appropriate. Make paper copies of the Financial Assistance Policy (FAP), Financial Assistance application form, Amounts Generally Billed (AGB) Calculation, and the plain language summary of the FAP available upon request and without charge both by mail and in public locations.
  - c. Notifying patients by offering a paper copy of the summary as part of intake or discharge process.
  - d. Including conspicuous written notice on billing statements about the availability of financial assistance including the phone number of the LPCHS office that can provide information about the FAP and application process, and the website address where the FAP is posted.
  - e. Provide notices and other information on Financial Assistance in the primary language spoken by each population with limited English proficiency constituting the lesser of 1,000 individuals or of 5 percent of the community that LPCHS serves.
  - f. Make available its [Financial Assistance Policy](#) or a program summary to appropriate community health and human services agencies and other organizations that assist people in financial need.
  - g. Include information on Financial Assistance, including a contact number, in patient bills and through oral communication with uninsured and potentially underinsured patients.
  - h. Distribute copies of the [Financial Assistance Policy](#) plain language summary and application to referring staff physicians.
  - i. Provide financial counseling to patients about their LPCHS bills and make the availability of such counseling known.
- NOTE: it is the responsibility of the patient or the patient's Guarantor to schedule assistance with a financial counselor.



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- j. Provide information and education on its Financial Assistance and collection policies and practices available to appropriate administrative and clinical staff.
- k. Encourage referral of patients for Financial Assistance by LPCHS representative or medical staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains and religious sponsors.
- l. Encourage and support requests for Financial Assistance by a patient, a patient's Guarantor, a family member, close friend or associate of the patient, subject to applicable privacy laws.
- m. Respond to any oral or written requests for more information on the Financial Assistance Policy made by a patient or any interested party.
- n. Include information about Financial Assistance in LPCHS's newsletter.

**IV. RELATED DOCUMENTS**





- A. LPCH Financial Assistance Application
- B. LPCH Federal Poverty Guideline
- C. LPCH Uninsured Discount Policy
- D. LPCH Debt Collection Policy
- E. LPCH/SHC EMTALA Policies

**V. DOCUMENT INFORMATION**

A. References

Reference	Level of Evidence	Review Date
California Health and Safety Code Sections 127400 to 127446, as amended.		
California Code of Regulations, Title 22		
Federal Patient Protection and Affordable Care Act, Section 501(r) of the Internal Revenue Code and regulations promulgated thereunder.		

- B. Author/Original Date  
October 2004, David Haray, Vice President, Patient Financial Services
- C. Distribution and Training Requirements  
This policy resides in the Patient Care Manual of Lucile Packard Children's Hospital Stanford.
- D. Review and Renewal Requirements  
This policy will be reviewed and/or revised every three years or as required by change of law or practice.
- E. Review and Revision History  
October 2004, Shoshana Williams, Director, Patient Financial Services  
October 2004, David Haray, Vice President, Patient Financial Services  
April 2005, David Haray, Vice President, Patient Financial Services  
January 2007, Office of General Counsel

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January 2007, T. Harrison, Director of Patient Representatives  
 June, 2007, Sarah DiBoise, Chief Hospital Counsel, Gary May, VP Managed Care SUMC, David Haray, VP Patient Financial Services, SUMC  
 February 2011, B.Bialy (PFS) and S.Shah (Clinical Accreditation)  
 March 2013, M. Miller (PASC Dir), B. Kelsey (PFS CRO)  
 December 2014, Andrea M. Fish, Office of General Counsel  
 March 2015, Andrea M. Fish, Office of General Counsel  
 July 2016, Andrea M. Fish, Office of General Counsel, S. Tienken (PFS Dir), B. Kelsey (CRO)  
 August 2018, Office of General Counsel

F.

**Approvals**  
 September 2005, David Haray, VP Patient Financial Services  
 January 2007, S. DiBoise, Chief Hospital Counsel  
 September 2007, LPCH Board of Directors Public Policy and Community Service Committee  
 January 2011, LPCH VP Ops  
 April 2011, LPCH Board of Directors Public Policy and Community Service Committee  
 March 2013, LPCH VP Ops  
 January 2015, LPCH VP Ops  
 April 2015, LPCH Finance Committee  
 July 2016, LPCH VP Ops  
 September 2018, LPCH Board of Directors Public Policy and Community Service Committee, LPCH Finance Committee, LPCH VP Ops

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