

<b>Subject:</b>	Originally <u>Issued</u>	Date of This <u>Revision</u>	<u>Page</u>	<u>No.</u>
CHARITY CARE POLICY	09/30/98	10/17/11	1 of 6	

---

---

**POLICY STATEMENT:**

As a condition of participation in the Medicaid disproportionate share program (if applicable) and to serve the health care needs of our community, **Watsonville Community Hospital** will provide charity care to patients without financial means to pay *for Inpatient, Emergency Room hospital services, and Outpatient services by physician agreement.*

Charity care will be provided to all patients without regard to race, creed, color, or national origin and who are classified as financially indigent or medically indigent according to the hospital's eligibility criteria.

**PURPOSE:**

To properly identify those patients who are financially indigent or medically indigent, who do not qualify for state and/or government assistance, and to provide assistance with their Inpatient and Emergency Room medical expenses under the guidelines for Charity Care.

**ELIGIBILITY FOR CHARITY CARE**

**1. FINANCIALLY INDIGENT:**

- A. A financially indigent patient is a person who is uninsured and is accepted for care with no obligation or a discounted obligation to pay for services rendered based on the hospital's eligibility criteria as set forth in this Policy.
- B. To be eligible for charity care as a financially indigent patient, the patient's total household income shall be at or below 400% of the current Federal Poverty Income Guidelines. The hospital may consider other financial assets and liabilities for the person when determining eligibility.
- C. The hospital will use the most current Federal Poverty Income Guideline issued by the U.S. Department of Health and Human Services to determine an

individual's eligibility for charity care as a financially indigent patient. The Federal Poverty Income Guidelines are published in the Federal Register in January or February of each year and for the purposes of this Process will become effective the first day of the month following the month of publication.

- D. In no event will the hospital establish eligibility criteria for financially indigent patients which sets the income level for charity care lower than that required for counties under the State Indigent Health Care and Treatment Act, or higher than 400% of the current Federal Poverty Income Guidelines. However, the hospital may adjust the eligibility criteria from time to time based on the financial resources of the hospital and as necessary to meet the charity care needs of the community.
- E. Emergency Physicians who provide emergency services at Watsonville Community Hospital will discount services to patients who are at or below 350% of poverty level.

## **2. MEDICALLY INDIGENT:**

- A. A medically indigent patient is a person whose medical bills after payment by third party payers exceed a specified percentage of the person's annual gross income as defined herein and who is unable to pay the remaining bill.
- B. To be eligible for charity care as a medically indigent patient, the amount owed by the patient on medical bills for the prior 12 month period, after payment by third party payers, must exceed 50% of the patient's annual gross income and the patient must be unable to pay the remaining bill. The hospital may consider other financial assets and liabilities of the person when determining ability to pay.
- C. A determination of the patient's ability to pay the remainder of the bill, or portion of the bill, will be based on whether the patient reasonably can be expected to pay the account, or portion thereof, over a 3-year period.
- D. The patient may be eligible for a charity discount for any amount beyond what the patient is expected to pay over a 3-year period.
- E. If a determination is made that a patient had the ability to pay the remainder of the bill, such a determination does not prevent a reassessment of the patient's ability to pay at a later date should there be a change in the patient's financial status.

## **THE PROCESS**

### **1. Identification of Charity Cases:**

- A. The hospital maintains posted signs, in English, *Exhibit "A"* and Spanish, *Exhibit "B"*, one in each admitting offices and one in the emergency lobby that inform customers that charity care is available and what the charity care criteria is.
- B. All self-pay patients are asked to complete the Financial Assistance form "FA", *Exhibit "C"*, during the registration or financial screening process.
- C. All self-pay accounts will be provided information in writing and asked to sign an acknowledgement of receipt of information regarding the availability of Charity Care and the availability of an eligibility worker, for assistance with screening or applying for Medicare, Undocumented Alien Program, MediCal, MediCruz, Healthy Families, California Children's Services and other third party coverage. The patient will be given a copy of the notice and the acknowledgement. The original acknowledgement will be maintained in the patient's medical record
- D. All self-pay account balances will be screened for potential Medicaid eligibility as well as coverage by other sources, including governmental programs. During this screening process an "FA" will be completed if it is determined that the patient does not appear to qualify for coverage under any program. The "FA" will be sent to the Business Office for final determination by the Patient Account Representative or Business Office Director.
- E. If the Patient Account Representative determines through the application and documented support that the patient qualifies for charity care she/he will give the completed and approved "FA" to the BOD for approval authorization, prior to write off.
- F. The following documents will be required to process the application: copies of current monthly expenses/bills, copies of the previous year's income tax return, current copy of employers check stub, proof of any other income, copies of all bank statements for prior 3 months, and copies of all other medical bills. The hospital has the option to pull a credit report to verify information and determine if there are credit cards with available credit that the balance, or portion thereof, could be charged to the credit card. Where patient/guarantor indicates no income, no bank account or does not file taxes, a credit report is required and must be reviewed to determine if there is conflicting information that indicates income. Unless the patient can explain why the credit report reflects conflicting information such as open lines of credit that are current, mortgage loans that are current, credit cards that are current(any one or combination), or credit scores above 600, the charity care application will be denied. Acceptable explanations such as recent loss of employment must be supported through documentation such as termination

letter or a letter from prior employer stating that the patient/guarantor is no longer employed as of (date). Low credit scores (below 600) will be indication of support for statements such as 'do not file taxes or have no bank account'. Where the patient/guarantor indicates they do not file federal tax returns, the hospital will request that the patient/guarantor complete IRS form 4506-T (Request for Transcript of Tax Return). The patient/guarantor should complete lines 1-5 after the hospital has completed lines 6-9. Hospital will complete line 6 by entering '1040', will check boxes 6(a) and box 7. In box 9 hospital will enter prior year and prior 3 years. (Exhibit F-example and a blank form).

- G. The Patient Account Representative will contact any vendor who may be working the account, to stop all collection efforts on the account. Once patient has made contact about potential eligibility, hospital must allow them 60 days before we initiate collection action.
- H. Once approved for Charity, the account will be moved to the appropriate financial class until the adjustment is processed and posted/credited to the account. After the adjustment is posted, if there is a remaining balance due from the patient, the financial class will be changed to self pay, and letter 81 will be mailed to the patient indicating their portion owed.
- I. If the "FA" is incomplete it will be the responsibility of the Patient Account Representative to contact the patient via mail or phone to obtain the required information.
- J. Applications that remain incomplete after 60 days of request for information may be denied. The patient will be sent a letter of denial along with reason and process for appeal.
- K. The application may be reopened and reconsidered for charity once the require information is received.
- L. The Business Office Director (or Assistant BOD) is responsible for reviewing every application to make sure required documents are attached, prior to submitting to CFO or CEO for review and approval. All fields on the application must be completed properly. Drawing lines through fields such as income is not appropriate. If the income is zero, zeros must be entered.
- M. All appeals should be directed to the BOD and shall include an explanation of the reason the application should be reconsidered. BOD will review any additional information. If the information would still result in a denial, BOD will submit the application to the CFO who will make a final determination. The CFO's decision is final.

- N. Once an account has been written off to bad debt, the patient will not be allowed to apply for Charity assistance.
- O. The 'cost-share' portion of any MediCal or MediCruz patient cannot be considered under the Charity Care policy and must be collected from the patient.

## **2. FACTORS TO BE CONSIDERED FOR CHARITY DETERMINATION**

- A. The following factors are to be considered in determining the eligibility of the patient for charity care:
  - 1. Gross Income
  - 2. Family Size
  - 3. Employment status and future earning capacity
  - 4. Other financial resources, excluding retirement and deferred compensation plans, and includes 50% of assets over \$10,000.
  - 5. Other financial obligations
  - 6. The amount and frequency of hospital and other medical bills. (Annual out-of-pocket medical costs incurred exceed 10% of the patient's family income in the prior 12 months.)
- B. The income guidelines necessary to determine the eligibility for charity are attached on *Exhibit "D"*. The current Federal Poverty Guidelines are attached as *Exhibit "E"* and they include the definition of the following:
  - 1. Family
  - 2. Income

## **3. FAILURE TO PROVIDE APPROPRIATE INFORMATION**

Failure to provide information necessary to complete a financial assessment within 60 days of the request may result in a negative determination. The account may be reconsidered upon receipt of the required information, providing the account has not been written off to bad debt

## **4. TIME FRAME FOR ELIGIBILITY DETERMINATION**

A determination of eligibility will be made by the Business Office within 30 working days after the receipt of all information necessary to make a determination.

## **5. DOCUMENTATION OF ELIGIBILITY DETERMINATION AND APPROVAL OF WRITE-OFF**

Once the eligibility determination has been made, the results will be documented in the comments section on the patient's account and the completed and approved "FA" will be filed attached to the adjustment sheet and maintained for audit purposes. The CEO, CFO, BOD will signify their review and approval of the write-off by signing the bottom of the Charity Care/Financial Assistance Program Application form. The signature requirements will be based on the CHS financial policy for approving adjustments.

## 6. REPORTING OF CHARITY CARE

Information regarding the amount of charity care provided by the hospital, based on the hospital's fiscal year, shall be aggregated and included in the annual report filed with the Bureau of State Health Data and Process Analysis at the State Department of Health. These reports also will include information concerning the provision of government sponsored indigent health care and other county benefits. (Only for those states that require).

Hospital must submit to the Office of Statewide Health Planning and Development a copy of their Charity Policy at least every other year on January 1, or when a significant change is made. If the facility made no significant change in the policy since the information was previously provided, the Hospital may notify OSHPD of the lack of change to satisfy this requirement.

## 7. POLICY REVIEW AND APPROVAL

The below individuals have read and approved this policy:

_____	_____
Hospital CEO	Date
_____	_____
Hospital CFO	Date
_____	_____
Corporate VP, Patient Financial Services	Date
_____	_____
Division VP, Finance	Date

Exhibit A  
Example of ‘Availability of Charity Care’ Sign-English Version

## **CHARITY CARE POLICY**

**As a condition of participation in the Medicaid Disproportionate Share Program, this hospital will provide care to persons who are unable to pay for their care.**

**In order to be eligible for charity care, you must:**

**Have no other source of payment such as insurance, governmental assistance or savings; or**

**Have hospital bills beyond your financial resources; and**

**Provide proof of income and income resources; and**

**Complete an application and provide information required by the hospital.**

Forms and information about applying for charity care are available upon request.

Exhibit B  
Example of 'Availability of Charity Care' Sign-Spanish Version

## **REGLAS PARA SERVICIOS DE CARIDAD**

**Este hospital participe en un programa de Medicaid, llamado "Disproportionate Share Program". Como condicion a esta participacion, al hospital ofrece servicios grauitos a personas que no pueden pagar por su atencion medica.**

**Para tener `derecho a servicios caritativos, se necesita tener los siguientes requisitos:**

**No contra cpn otro medio de pagar, (por ejemplo seguor medico, asistencia del gobierno federal, o sus propios ahorros o bien)**

**Tener cuentas de hospital que esten mas alla de sus recursos economicos.**

**Tambien hay que:**

**Presentar pruebas de sus ingresos y recursos economicos**

**Liener la solicitud de servicio y dar la informacion que le pida al hospital.**

**A pedido de los interesados, se proveeran formularios e informacion y datos tocante a la solificacion de servicios caritativos.**



Exhibit C  
Example of Financial Assistance Form

\_\_\_\_\_ Regional Medical Center  
Charity Care/Financial Assistance Program Application  
Page 1 of 2

Patient Account Number: \_\_\_\_\_ Date of Application \_\_\_\_\_

PATIENT INFORMATION

PARENT/GUARANTOR/SPOUSE

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

City \_\_\_\_\_

State/Zip \_\_\_\_\_

State/Zip \_\_\_\_\_

SS# \_\_\_\_\_

SS# \_\_\_\_\_

Employer \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

City \_\_\_\_\_

State/Zip \_\_\_\_\_

State/Zip \_\_\_\_\_

Work Phone \_\_\_\_\_

Work Phone \_\_\_\_\_

Length of Employment \_\_\_\_\_

Length of Employment \_\_\_\_\_

Supervisor \_\_\_\_\_

Supervisor \_\_\_\_\_

RESOURCES

Checking:    yes\_\_\_           no\_\_\_

Vehicle 1: Yr\_\_\_\_\_ Make\_\_\_\_\_ Model\_\_\_\_\_

Savings:     yes\_\_\_           no\_\_\_

Vehicle 2: Yr\_\_\_\_\_ Make\_\_\_\_\_ Model\_\_\_\_\_

Vehicle 3: Yr\_\_\_\_\_ Make\_\_\_\_\_ Model\_\_\_\_\_

Cash on hand: \$ \_\_\_\_\_

Exhibit C (continued)  
Charity Care/Financial Assistance Program Application

INCOME

Patient/Guarantor: Wages(monthly): _____	Spouse/Second Parent: Wages(monthly): _____
Other Income: Child Support: \$ _____	Other Income: Child Support: \$ _____
VA Benefits: \$ _____	VA Benefits: \$ _____
Workers' Comp: \$ _____	Workers' Comp: \$ _____
SSI: \$ _____	SSI: \$ _____
Other: \$ _____	Other: \$ _____

LIVING ARRANGEMENTS

Rent \_\_\_\_\_ Own \_\_\_\_\_ Other(explain) \_\_\_\_\_

Landlord/Mortgage Holder: \_\_\_\_\_

Phone Number \_\_\_\_\_ Monthly payment \$ \_\_\_\_\_

REQUIRED DOCUMENTS

The following documents must be attached to process your application for Charity Care/Financial Assistance:

Proof of Income: Prior year income tax return, last 4 pay check stubs, letter from employer, Social Security, etc. Last 3 months bank statements. Other documents as requested.

Proof of Expenses: Copy of mortgage payment or rental agreement, copies of all monthly bills (including credit cards, bank loans, car loans, insurance payments, utilities, cable and cell phones). Other documents as requested.

The information provided in this application is subject to verification by the hospital and has been provided to determine my ability to pay my debt. I understand that any false information provided by me will result in denial of any financial assistance by the hospital.

**The Hospital reserves the right to pull a copy of your credit report.**

**Signature of Applicant** \_\_\_\_\_

**Hospital Representative Completing Application:** \_\_\_\_\_

**The below signatures is indication of your review of the application and supporting documentation and that you find the information to meet policy requirements.**

**Approval/Authorization of Charity Write-Off**                      **Amount Approved \$** \_\_\_\_\_

**BOM** \_\_\_\_\_

**CEO** \_\_\_\_\_

**CFO** \_\_\_\_\_

## Exhibit D

Income Guidelines For Determining % of Charity Care Discount  
(For Financially Indigent Patients)

Based Current Year's Federal Poverty Income Guidelines

<u>% of Poverty Income</u>	<u>Discount from charges</u>
Equal to or Below Poverty	100%
100-150%	100%
151-200%	100%
201-250%	100%
251-300%	100%
301-350%	100%
351-400%	100%
Over 400%	70%

## Exhibit E

### Poverty Income Guidelines for 2011

The Department of Health and Human Services has issued updated Poverty Guidelines for 2011

(reference: Federal Register: January 20, 2011, Volume 76, Number 13 pp. 3637-3638).

<b>The 2011 Poverty Guidelines for the 48 Contiguous States and the District of Columbia</b>	
<b>Persons in family</b>	<b>Poverty guideline</b>
1	\$10,890
2	14,710
3	18,530
4	22,350
5	26,170
6	29,990
7	33,810
8	37,630
For families with more than 8 persons, add \$3,820 for each additional person.	

These guidelines are effective immediately upon publication in the Federal Register. As noted In the Federal Register notice, there is no universal administrative definition of income that is valid for all programs that use the poverty guidelines. The office or organization that administers a particular program or activity is responsible for making decisions about the definition of income used by that program...to find out the specific definition of income used by a particular program, you must consult the office or organization that administers that program.

## EXHIBIT F

(attach IRS Form 4506-T blank form and example of completed form)

