

**FAIRCHILD MEDICAL CENTER**

**POLICY AND PROCEDURE**

**COLLABORATIVE CARE MANUAL**

**TITLE:** Charity Care

**POLICY:** Fairchild Medical Center’s mission statement, “**To provide health care services of exceptional quality to all who need us**”, reflects Fairchild Medical Center’s social accountability to the community we serve. Providing charity care (financial assistance) to our patients, along with other community benefit services is important evidence of Fairchild Medical Center’s mission fulfillment. It is imperative that the determination, reporting, and tracking of charity care are in concert with our not-for-profit mission and community obligation.

Partial and/or full charity care will be based on the individual’s ability to pay as defined by Federal Poverty Income Guidelines and the attached sliding scale. Confidentiality of information and individual dignity will be maintained for all who seek charitable services. The handling of personal health information will meet all HIPAA requirements.

**SCOPE OF RESPONSIBILITY:** Business Office/Administration

**PROCEDURE:**

The purpose of this policy is to define the eligibility criteria for charity care services and to provide administrative and accounting guidelines for the identification, classification and reporting of patient accounts as charity care.

**Definition of Charity Care:**

A patient is eligible for Charity Care consideration based on meeting the income eligibility criteria as established by the Federal Poverty Income Guidelines Sliding Scale.

Charity care and discounts provided by this policy are generally not available for elective procedures, however, in certain cases an exception may be made. These exceptions require approval by Administration. Specialized, high-cost services requiring charity care are also subject to the review of Administration prior to the provision of service.

**Eligibility Criteria:****1. Charity Care Application. (See Attachment A)**

- A. A patient who indicates the financial inability to pay a bill for a medically necessary service shall be evaluated for charity care assistance.
- B. The Fairchild Medical Center standardized application form will be used to document each patient's overall financial situation.
- C. Once a determination has been made a notification form will be sent to each applicant advising them of the facilities' decision.
- D. Credit reports may be used when appropriate to verify an individual's financial status.
- E. A patient's employment status may be taken into consideration when evaluating charity care status as well as potential payments from pending litigation, and third party liens related to the incident of care.
- F. The amount and frequency of hospital bills may also be considered.
- G. The data used in making a determination concerning eligibility for charity care should be verified to the extent practical in relation to the amount involved.

**2. Full or Partial Charity Care.**

Fairchild Medical Center will establish eligibility for full or partial charity care utilizing the attached discount matrix. See Exhibit A.

**3. Medi-Cal Denied Patient Days and Non-covered Services.**

Medi-Cal patients are eligible for charity care write-offs related to denied stays, denied days of care, and non-covered services. These Treatment Authorization Requests (TARs) denials and any lack of payment for non-covered services provided to Medi-Cal patients are to be classified as charity.

**4. Catastrophic Charity Care.**

In order to qualify for Catastrophic Charity Care Circumstances the patient must meet the expense qualification as described below:

- a. Expense Qualification: The patient's Allowable Medical Expenses must exceed 50 percent of his or her Family Income determined as follows:
  - 1. The Hospital will multiply the Family Income as determined in Section 10 by 50%.
  - 2. The Hospital will determine the patient's Allowable Medical Expenses.
  - 3. The Hospital will compare 50% of the Family Income as determined in Section 10 to the total amount of the patient's Allowable Medical Expenses. Based on this comparison, the hospital will establish the appropriate discount amount using the guidelines provided in Attachment B.
- b. If the patient qualifies for the catastrophic charity discount and the full/partial charity discount, the hospital will apply the greater of the two discounts.

- c. **Eligibility Period:** The eligibility period is one year from the date of the initial eligibility determination, unless over the course of that year the patient's family income or insurance status change to such an extent that the patient becomes ineligible.
5. **Homeless Patients.** Emergency room patients without a payment source may be classified as charity if they do not have a job, mailing address, residence, or insurance. Consideration must also be given to classifying emergency room only patients who do not provide adequate information as to their financial status. In many instances, these patients are homeless and have few resources to cover the cost of their care.
6. **Collection Agency.** If a collection agency identifies a patient meeting the hospital's charity care eligibility criteria their patient account may be considered charity care, even if they were originally classified as a bad debt. Collection agency patient accounts meeting charity care criteria shall be returned to the hospital billing office and reviewed for charity care eligibility. Refer to agreement with collection agency.
7. **Special Circumstances.**
  - a. Deceased patients without an estate or third party coverage will be eligible for charity.
  - b. Patients who are in bankruptcy or recently completed bankruptcy may be eligible for charity.
  - c. In rare occasions, a patient's individual circumstances may be such that while they do not meet the regular charity care criteria in this policy they do not have the ability to pay their hospital bill. In these situations, with the approval of Administration, and per the Bad Debt Write Off Authorization policy, part or all of their cost of care may be written off as charity care. There must be complete documentation of why the decision was made to do so and why the patient did not meet the regular criteria.
  - d. A patient with high medical costs may be eligible for a discount. A patient with high medical costs means a person whose family income does not exceed 350 percent of the federal poverty level and has annual out-of-pocket costs incurred by the individual at the hospital that exceed 10 percent of the patient's family income in the prior 12 months or annual out-of-pocket expenses that exceed 10 percent 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 12 months. The patient would qualify for a 50% discount or a calculation from the matrix, whichever is greater
8. **Governmental Assistance.**
  - a. In determining whether each individual qualifies for charity care, other county or governmental assistance programs should also be considered. Many applicants are not aware that they may be eligible for assistance such as Medi-Cal, the Healthy Families Program, Victims of Crime, California Children Services or SB612.
  - b. The hospital will assist the individual in determining if they are eligible for any governmental or other assistance.
  - c. Persons eligible for programs such as Medi-Cal or SB612, but whose eligibility status is not established for the period during which the medical services were rendered, may be granted charity care for those services. The hospital may make

the granting of charity contingent upon applying for governmental program assistance. This may be prudent, especially if the particular patient requires ongoing services.

**9. Time Requirements for Determination.**

- a. While it is desirable to determine the amount of charity care for which a patient is eligible as close to the time of service as possible, there is no rigid limit on the time when the determination is made. In some cases, eligibility is readily apparent and a determination can be made before, on, or soon after the date of service. In other cases, it may take investigation to determine eligibility, particularly when the patient has limited ability or willingness to provide needed information.
- b. Every effort should be made to determine a patient's eligibility for charity care. In some cases, a patient eligible for charity care may not have been identified prior to initiating external collection action. Accordingly, each entity's collection agency should be made aware of the policy on charity care. This will allow the agency to report amounts that they have determined to be uncollectible due to the inability to pay in accordance with the facilities charity care eligibility guidelines.

**10. Definition of Income.**

- a. Annual family earnings and cash benefits from all sources before taxes.
- b. Proof of earnings may be determined by annualizing year-to-date family income, giving consideration for current earning rates.

**11. Recordkeeping.** Records relating to potential charity care patients must be readily obtained. Business Office records relating to charity care will be kept for seven years. In addition, notes relating to charity application and approval or denial should be entered on the patient's account.

**12. Public Notice and Posting.** A notification addressing the availability of financial assistance will be posted in the registration areas.

Exhibit A  
Fairchild Medical Center  
Charity Discount Matrix

	Total Charges on Account		
Federal Poverty Level	Less than \$2,500	\$2,501-\$10,000	Greater than \$10,000
0-100%	100%	100%	100%
101-200%	40%	50%	60%
201-350%	5%	15%	25%