
Department: Business Office

Subject: **Charity Care & Discount Payments**

Policy Pro#: BO

Effective Date: 3/1/99

Review Dates: 11/10

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Distribution: Business Office, Accounting, Admissions

PURPOSE:

The purpose of this policy is to define the eligibility criteria for charity care and discount payment services and to provide administrative and accounting guidelines to assist with the identification, outcome determination, classification and reporting of patient accounts as charity care or discount payments.

POLICY:

Palm Drive Hospital maintains its commitment to serve all of the residents of Sonoma County. It is the Hospital's responsibility to aid all persons regardless of age, sex, race, creed, disability, national origin or financial status. This commitment has led the Hospital to develop our policy for providing charity care and discount payments for low-income and uninsured members of our community.

As required by law Palm Drive Hospital must provide self-pay patients with information regarding charity care and discount payment availability during the patient registration/billing process. The charity care and discount payment provisions shall apply to the hospital facility charges and the emergency room physician charges for the same date of service.

Charity care or a discount payment offer will be based on the individual's ability to pay as defined by Federal Poverty Income Guidelines. Confidentiality of information and individual dignity will be maintained for all that seek charitable/discounted services. Discount payment offers for high medical costs for insured patients may qualify based on the patient's family income as set forth in this policy. Personal health information will be maintained consistent with HIPAA and other medical confidentiality obligations.

Patients who do not qualify for charity care or discounted payment, but are uninsured, may qualify for Uninsured Patient Discount per hospital policy. Uninsured patients submitting timely payments may also receive Prompt Payment Discounts per hospital policy.

All information posted or provided to the patient (e.g. information sent with billings, application forms, etc.) shall be in the primary language(s) of the Hospital's service area and in a manner consistent with all applicable federal and state laws and regulations. A language is a primary language of the Hospital's service area if 5% or more of the Hospital's local population speaks the language.

DEFINITIONS**Self-Pay (also referred to as 'uninsured' within this policy):**

A patient who does not have third-party coverage from a health insurer, health care service plan, Medicare or Medicaid, and whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance or other insurance as determined by the hospital.

High Medical Cost:

A person whose family income does not exceed 350% of the federal poverty level... if that individual does not receive a discounted rate from the hospital as a result of his or her third-party coverage. For these purposes, "high medical costs" means any of the following:

1. Annual patient's medical expenses incurred by the individual at the hospital that exceed 10% of the patient's family income in the prior 12 months.
2. Annual patient's medical expenses that exceed 10% 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.
3. A lower level determined by the hospital in accordance with this policy.

Note: for the purpose of determining high medical cost, patient's medical expense will be defined as "patient liability as indicated by the third party payer" (e.g. co-pay, co-insurance, deductible, etc., not to include non-covered benefits).

NOTIFICATION OF AVAILABILITY OF CHARITY CARE and DISCOUNT PAYMENT**1) Information provided at patient registration/admission:**

Except in cases of emergency services, Hospital shall provide all patients with information regarding charity care and discount payment options and other financial assistance during the registration/admission process, or at any other time upon patient request. In the case of emergency services, this information will be provided to the patient once the patient has been triaged and their condition has been stabilized by a physician.

Hospital shall also provide patients with contact information for a Hospital employee or office from which the patient may obtain further information about charity care and discount payment options and other financial assistance.

2) Public Notice and Posting of Availability of Financial Assistance:

Hospital will post notices in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration. Notices must be posted in, at least, the emergency department, billing offices, admitting offices and hospital outpatient service settings.

- a) Hospital will include information with the patient bill regarding, if the patient meets certain income requirements they may be eligible for a government sponsored program or financial assistance from the Hospital. The information with the patient bill will also indicate a Hospital phone number that patients may call for further information.
- b) Hospital's web site will include availability of financial assistance and a contact phone number.
- c) Posted notices shall contain a statement that the hospital has a financial assistance policy for low-income uninsured patients who may not be able to pay their bill and that this policy provides for charity care or discount payment options. Notices will also include a Hospital contact phone number that the patient can call to obtain more information about the policy and how to apply for assistance.

PROCEDURE:**Eligibility Criteria:**

- 1) Patients are eligible for charity care or discount payment options if the patient is uninsured and whose family income is at or below 350% of the Family Federal Poverty Income Guidelines.
- 2) Medi-Cal denied patient days and non-covered services may be eligible.
- 3) Patients with high medical costs (as defined above) may be eligible if their income and medical expenses meet the criterion set forth in this policy.
- 4) Insured patients whose care is denied as "not a covered benefit" or "exceeding benefit maximums" may be eligible.
- 5) Deceased patients without an estate or third-party coverage may be eligible.
- 6) Patients who are in bankruptcy or recently completed bankruptcy may be eligible.
- 7) Consideration must be given to emergency room only patients who do not provide adequate information (e.g. job, mailing address, residence, insurance or financial status). In many instances these patients may be homeless and have few resources to cover medical costs.

Charity Care and Discount Payment Application:

- 1) A low-income self-pay patient who indicates the financial inability to pay a bill for medically necessary services shall be offered and evaluated for charity care and discount payment eligibility.
- 2) The Palm Drive Hospital application form, "Statement of Financial Condition" will be used to document each patient's overall financial situation.
- 3) The Palm Drive Hospital "Financial Assistance Payment Calculation Worksheet" will be used to aid the Hospital in determining the amount and type of discount the patient may be eligible for.
- 4) The data used in making a determination concerning eligibility for charity care and discount payment options should be verified to the extent practical in relation to the amount involved.

Documentation of Income:

For the purpose of determining eligibility for charity care or discounted payment, documentation of income can be represented by one of the following:

- a) Recent pay stubs.
- b) Income tax return
- c) Other proof of income if a) or b) are not available (e.g. bank statement showing payroll deposits, etc.)

Charity Care

Charity care (100% write-off of billed charges) will be granted to patients earning 200% or less of the most recent Family Federal Poverty Income Guidelines.

Discount Payment Option:

- 1) Discount payment option will be granted to patients earning between 201% and 350% of the most recent Family Federal Poverty Income Guidelines.
 - a) For inpatient service, Hospital shall limit expected payments from the patient to the Medicare inpatient DRG for the service(s) provided. If the Hospital provided a service for which there is no established Medicare DRG, the Hospital shall establish an appropriate discount amount, provided the services are not already discounted (e.g. discounts for cosmetic services).
 - b) For Outpatient services, Hospital shall limit expected payment from patients to the highest rate paid by a government program in which the hospital participates.

Eligibility Period:

The eligibility period for charity care or discount payment will be 90 days prior and 6 months following the date of the initial approval of the application, unless the patient's family income or insurance status changes within that period, rendering the patient ineligible.

Collection Agency:

If a collection agency identifies a patient meeting the Hospital's charity care and discount payment eligibility criteria the patient account may be considered for charity care or discount payment, even if the account was originally classified as bad debt. Collection agency patient accounts meeting eligibility requirements should be returned to the Hospital billing office for application and review of the charity care and discount payment policy.

Special Circumstances:

A patient's individual circumstances may be such that, while they do not meet the regular charity care and discount payment eligibility requirements in this policy, they do not have the ability to pay their hospital bill. In these situations, with the approval of the Business Office Manager, eligibility can be approved for charity care or discount payment. There must be complete documentation as to why the decision was made and why the patient did not meet the eligibility criteria of the policy.

Time Requirements for Determination:

- 1) Ideally, determination of the approval/denial status of an application for charity care and discount payment should be made prior to the service or admission of the patient; however this is not always possible.
- 2) Determination of the approval/denial status of an application for charity care and discount payment should be made within a reasonable number of days from the completion of the application and all necessary documentation. The ability and willingness of the patient to provide necessary documentation for eligibility review may extend the length of time for determination.

Approval Matrix:

\$0.00 - \$20,000.00	Business Office Manager
\$20,000.01 - \$50,000.00	CFO
> \$50,000.00	CEO

Outcome Notification:

Once determination has been made as to the status of the patient's application for charity care and discount payment, a "Notification Letter" will be sent to each applicant within ten (10) business days, advising them of the Hospital's decision. Language with regard to the applicant's appeal options will be indicated on any "Notification Letter" whose outcome is less than 100% charity care.

Appeals:

- 1) In the event of an appeal to the charity care and discount payment outcome decision, a patient may seek review of the application and determination from the Chief Financial Officer or designee.
- 2) The appeal shall be reviewed and a determination made within 30 business days of receipt of the appeal.
- 3) A written notification of the appeal outcome will be submitted to the patient, including the appeal determination and any justifying documentation.

Accounting for Write-Offs to Accounts:

To track and monitor the amount and type of write-off/discount approved, the Hospital will indicate charity care and discount payments in general ledger accounts as follows:

- a) Adjustment Code: 098 0035
- b) GL Account: 5870.0000

Reporting:

- 1) Notes related to the application process and outcome should be entered on the patient account in the billing system.
- 2) Hospital's Business Office will maintain a log of applications and their progress through the process, including:
 - a) Receipt date of application
 - b) Status of application
 - c) Determination of outcome with date
 - d) Eligibility period for approved applications
 - e) Other tracking dates (e.g. request for add'l information, etc.)
 - f) Charged amount
 - g) Write-off amount.
 - h) Account balance
- 3) All application files will be maintained in the Business Office for two (2) years.
- 4) All charity care and discount payment logs will be maintained in the Business Office for seven (7) years.

OSHPD:

Beginning January 1, 2008, and every two years after, Hospital will forward copies of this policy to the Office of Statewide health Planning and Development (OSHPD). Submission of the policy will be done consistent with the manner described by OSHPD.

Application of Policy:

- 1) This policy does not create an obligation to pay for any charges or services not included in the hospital bill at the time of service.
- 2) This policy does not apply to services provided within the hospital by physicians or other medical providers whose services are not billed by the Hospital, including but no limited to: Radiologist, Hospitalist, Pathologist, Ambulance, etc.
- 3) This policy does apply to services provided within the hospital by emergency room physicians whether or not those services are billed by the Hospital.

Examples:**Charity Care**

Patient A has an outstanding inpatient hospital bill of \$10,000.00 and has in annual income of \$19,000.00 as documented by their application form. The patient falls below 200% of the current Federal Poverty Guideline. The hospital would approve the patient for charity care and write off 100% of the patient balance.

Discount Payment

Patient A has an outstanding inpatient hospital bill of \$10,000.00 and has an annual income of \$30,000.00 as documented by their application form. The patient falls between 200% and 350% of the Federal Poverty Guideline. The Medicare reimbursement for the inpatient hospital bill (based on DRG reimbursement) would be \$4,275.00. The hospital will write off \$5,725.00 to charity and bill the patient for the remaining \$4,275.00.

Patient B has an outstanding outpatient hospital bill of \$5,000.00 and has an annual income of \$28,000.00 as documented by their application. The patient falls between 200% and 350% of the Federal Poverty Guideline. The Medicare reimbursement for the outpatient bill (based on OPSS and Medicare fee schedules) would be \$1,357.46. The hospital will write off \$3,642.54 to charity and bill the patient for the remaining \$1,357.46.

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