

## Sutter Surgical Hospital - North Valley

Hospital-Wide				
<b>Policy #:</b> BS.06	<b>Effective date:</b> March 2009	<b>Revised/Reviewed date:</b> June 2011	<b>Written by:</b> CFO	<b>Revised by:</b>
<b>Policy Name:</b> Charity Care			<b>Approved By:</b> Governing Board MSEC	

### PURPOSE

The purpose of this policy is to define the eligibility criteria for Sutter Surgical Hospital - North Valley (SSH-NV) charity care services and to provide administrative and accounting guidelines for the identification, classification and reporting of patient accounts as charity care.

### POLICY

1. It is the policy of SSH-NV to provide charity care to the low income uninsured population of our community. Charity care policy will be communicated and offered to our patients in accordance with this charity care policy and federal and state law. 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.
2. **Definition of Charity Care:**
  - 2.1. **A low-income uninsured patient is eligible for Charity Care consideration based on meeting the income eligibility criteria as established by the SSH-NV's Federal Poverty Income Guideline Sliding Scale.**
3. 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 (i.e. experimental procedures, transplants, etc.) requiring charity care are also subject to the review of Administration prior to the provision of service.
4. Final determination regarding eligibility for charity care for patients traveling from outside of the hospital's immediate service area is left to the discretion of Administration.

### PROCEDURE

#### **Eligibility Criteria:**

1. **Charity Care Application: (See form BS.F.04 Attachment A)**
  - 1.1. A low income uninsured hospital patient who indicates the financial inability to pay a bill for a medically necessary service shall be evaluated for charity care assistance.
  - 1.2. The SSH-NV standardized application form will be used to document each patient's overall financial situation.

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- 1.3. Once a determination has been made, a notification form will be sent to each applicant advising them of the facility's decision.
  - 1.4. Credit reports may be used when appropriate to verify an individual's financial status.
  - 1.5. 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.
  - 1.6. The amount and frequency of hospital bills may also be considered.
  - 1.7. 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 Charity Care:**
- 2.1. The basic standard for full charity care write-off will be 200% of the most recent Federal Poverty Income Guidelines.
3. **Partial Charity Care: (See form BS.F.04 Attachment B)**
- 3.1. Partial charity care will be granted to patients earning between 201% and 400% of the most recent Federal Poverty Income Guidelines. For these patients, amounts greater than 120% of the average Medicare reimbursement percentage for the facility (based on the most recent Medicare Cost Report) will receive a charity discount from routine charges.
4. **Medi-Cal Denied Patient Days and Non-Covered Services:**
- 4.1. 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 Request (TAR) denials and any lack of payment for non-covered services provided to Medi-Cal patients are to be classified as charity.
5. **Catastrophic Charity Care:**
- 5.1. In order to qualify for Catastrophic Charity Care Circumstances, the low-income uninsured hospital patient must meet the expense qualification as described below:
    - 5.1.1. **Expense Qualification:**
      - 5.1.1.1. The patient's Allowable Medical Expenses must exceed 30 percent of his or her Family Income determined as follows:
        - 15.1.1.1. The Hospital will multiply the Family Income as determined in Section K. by 30 %
        - 25.1.1.1. The Hospital will determine the patient's Allowable Medical Expenses.
      - 5.1.1.2. The Hospital will compare 30% of the Family Income as determined in Section K to the total amount of the patient's Allowable Medical

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expenses. If the total of the Allowable Medical Expenses is greater than 30% of the Family Income, then the patient meets the Catastrophic Charity Care qualification. The Hospital will subtract 30% of the Family Income from the Allowable Medical Expenses to determine the amount by which the Allowable Medical Expenses exceed the available income; this amount is then eligible for a charity care write-off.

### **5.1.2. Eligibility Period:**

5.1.2.1. 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 changes to such an extent that the patient becomes ineligible.

## **6. Collection Agency:**

6.1. 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 should be returned to the hospital billing office and reviewed for charity care eligibility.

## **7. Special Circumstances:**

7.1. Deceased patients without an estate or third party coverage will be eligible for charity.

7.2. Patients who are in bankruptcy or recently completed bankruptcy may be eligible for charity.

7.3. 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 management, 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.

## **8. Governmental Assistance:**

8.1. 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, or California Children Services.

8.2. The hospital will assist the individual in determining if they are eligible for any governmental or other assistance.

8.3. Persons eligible for programs such as Medi-Cal 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 will make the granting of charity contingent upon applying for governmental program assistance. This may be prudent, especially if the particular patient requires ongoing services.

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### **9. Time Requirements for Determination:**

- 9.1. 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 can take investigation to determine eligibility, particularly when the patient has limited ability or willingness to provide needed information.
- 9.2. 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, the 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 facility's charity care eligibility guidelines.

### **10. Definition of Income:**

- 10.1. Annual family earnings and cash benefits from all sources before taxes, less payments made for alimony and child support.
- 10.2. Proof of earnings may be determined by annualizing year-to-date family income, giving consideration for current earning rates.

### **11. Approval Matrix of who can grant Charity Care Write-off's:**

- 11.1. The hospital CFO must approve all charity care write-off's above \$1,000.00 and the CEO must approve charity care write-off's above \$10,000.00.

### **12. Accounting for Charity Care:**

- 12.1. To allow the affiliate to track and monitor the amount and type of charity care being granted, each affiliate will account for the charity care write-offs in separate Deduction from Revenue general ledger accounts as follows:
  - 12.1.1. Inpatient charity write-offs using the full charity care provision
  - 12.1.2. Outpatient charity write-offs using the full charity care provision
  - 12.1.3. Inpatient charity write-offs using the partial charity care provision
  - 12.1.4. Outpatient charity write-offs using the partial charity care provision
  - 12.1.5. Inpatient charity write-offs using the catastrophic charity care provision
  - 12.1.6. Outpatient charity write-offs using the catastrophic charity care provision
- 12.2. The transaction codes used for accounting for charity care and their mapping to the General Ledger must be reviewed periodically to ensure accuracy.

### **13. Roles and Responsibilities:**

- 13.1. Procedures must be adopted that clearly address the various responsibilities in the determination of charity care. This includes the contact with the patient, provision of information, assistance to the patient, making the determination of charity care eligibility, and notifying the patient.

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### 14. Recordkeeping:

- 14.1. Records relating to potential charity care patients must be readily obtained. Consideration should be given to maintaining a central file and spreadsheet of the Statement of Financial Condition, Charity Care Recommendation Summary forms and final disposition.
- 14.2. In addition, notes relating to charity application and approval or denial should be entered on the patient's account.

### 15. Application of Policy:

- 15.1. 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. This policy does not apply to services provided within the hospital by physicians or other medical providers including Anesthesiologists, Radiologists, Hospitalist, Pathologist, etc.

### 16. Public Notice and Posting:

- 16.1. Public notice of the availability of assistance through this policy should be made through each of the following means:
  - 16.1.1. Posting notices in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration, such as emergency departments, billing offices, admitting offices, and hospital outpatient service settings.
  - 16.1.2. Including language on bills sent to uninsured patients statements indicating:
    - 16.1.2.1. If the patient meets certain income requirements, the patient may be eligible for a government-sponsored program or for financial assistance from the hospital
    - 16.1.2.2. A hospital phone number that patients may call for further information.
  - 16.1.3. Posting notice of the availability of assistance and a contact phone number on the affiliate's web site.
  - 16.1.4. Providing uninsured patient's a matrix outlining the types of financial assistance available.
- 16.2. **Posted notices (as listed above) shall be in the primary language(s) of the affiliate's service area and in a manner consistent with all applicable federal and state laws and regulations. Posted notices shall contain the following information:**
  - 16.2.1. A statement indicating 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 full or partial charity care write-off.

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- 16.2.2. Identification of a hospital contact phone number that the patient can call to obtain more information about the policy and about how to apply for assistance.