



**Delano Regional Medical Center  
Patient Accounting  
Policies and Procedure Manual**

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**Subject:** Charity Care and Discount Payment

**Departments Affected:** Administration, Patient Accounting

Version: 2

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**Performed By**

Admissions, All Registration Areas, Wasco Medical Plaza, Delano Women's Health Clinic, Prompt Care Clinic, Patient Accounting.

**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 for the identification, classification and reporting of patient accounts as charity care or discounted payment (partial charity) for compliance with Assembly Bill 774 and Senate Bill 1276.

**I. Policy**

Delano Regional Medical Center (DRMC) affirms and maintains its commitment to serve the community in a manner consistent with the philosophy of the Board of Directors. This philosophy emphasizes the provision of optimal health care services to aid all persons regardless of age, sex, race, creed, disability, national origin or financial status. These beliefs have led DRMC to develop a policy for providing charity or discounted health care for the less fortunate.

It should be recognized that the need for charity is a sensitive and deeply personal issue for recipients. Confidentiality of information and individual dignity will be maintained for all that seek charitable services. Orientation of staff and the selection of personnel who will implement this policy and procedure shall be guided by these values. Providing charity care (financial assistance) to the low-income uninsured, along with other community benefit services are important evidence of DRMC'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 and in compliance with Assembly Bill No. 774, Hospital Fair Pricing Policies and Senate Bill 1276 (Chapter 758, statutes or 2014)

Discount (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 scales. Confidentiality of information and individual dignity will be maintained for all that seek charitable services. The handling of personal health information will meet all HIPAA requirements.

## II. Definition

Charity care (free care) is defined as health care services provided at no charge to patients who do not have or cannot obtain adequate financial resources or other means to pay for this care and qualify under the eligibility guidelines specified in this policy. Charity care is in contrast to bad debt, which is defined as a patient and/or guarantor who, having the requisite financial resources to pay for health care services, has demonstrated by his/her actions an unwillingness to comply with the contractual arrangements to resolve an account.

Discount Payment (partial charity) is defined as health care services provided at a reduced charge to patients who do not have or cannot obtain adequate financial resources or other means to pay for this care and qualify under the eligibility guidelines specified in this policy.

Partial and full charity care will be based solely on ability to pay and will not be abridged on the basis of age, sex, race, creed, disability or national origin. Available health care services, inpatient or outpatient, shall be available to all individuals under this policy. DRMC will also actively assist an individual in pursuing alternate sources of payment from third parties. Those individuals or families, who qualify for alternative programs and services within the community but refuse to take advantage of them, will not be covered by this policy. These actions are intended to allow DRMC to provide the maximum level of necessary charity services within the limits of respective resources.

Charity care and discounts provided by this policy are available for medically necessary procedures. Medical necessity shall be determined in the sole and absolute discretion of the Hospital. Charity is generally not available for non-medically necessary procedures however; in certain cases an exception may be made. These exceptions require approval by administration. Specialized, high-cost services (i.e. experimental procedures, etc.) requiring charity care are also subject to the review of administration prior to the provision of service.

Final determination regarding eligibility for charity care or discounted care for patients traveling from outside of the hospital's immediate service area is left to the discretion of the hospital administration.

A Patient's family is defined as follows:

1. For persons 18 years of age and older, the family includes the patient's spouse, registered domestic partner, and dependent children under 21 years of age, whether living at home or not.
2. For patients under 18 years of age, the family includes the patient's parent, caretaker relatives, and other children (under 21 years of age) of the parent or caretaker relative.

### III. Procedures

- A. **Identification of Applicant:** Any member of the medical staff, any employee, the patient or his/her family and any other responsible party may request charity care or discount payment assistance from DRMC. Any member of the Patient Financial Services team may identify possible charity or discount recipients during any portion of the business cycle.
- B. **Establishing Eligibility:** Financially eligible patients shall be defined as meeting criteria number one or two below AND whose family income levels are at or below 400% of the current Federal Poverty Income Guidelines.
1. **Self-Pay Patient:**  
No third party insurance, no Medi-Cal, no compensable injury for purposes of worker's compensation, automobile insurance, or other insurance as determined and documented by DRMC.
  2. **High Medical Cost Patients:**  
Not Self Pay – Insured or partially insured patients.  
Out-of-pocket medical expenses paid in the prior 12 months from the date of service exceed 10% of family income. Medical expenses are defined as those incurred at Delano Regional Medical Center.
- C. **Eligibility Guidelines:** The following factors will be used in the determination of financially qualified recipients and the amount of charity or discount extended:
1. *Income Guideline:* the Federal Poverty Guidelines as established by Health and Human Services will be used to determine annual income guidelines and limits. The applicant may be asked to provide acceptable income verification, such as recent payroll stubs or other items or verification. If the patient is unemployed, a written statement of need must be provided by the patient attesting to their employment status.
  2. *Employment Status and Earning Capacity:* Employment status will be considered for the likelihood of future earnings sufficient to meet the health care related obligation within a reasonable amount of time.
  3. *Other Sources of Payment for Services Rendered:* The appropriate amount of charity service or discount will be determined in relation to the amounts due after applying all other sources of payment. The hospital will provide applications for other sources of payment if the patient may qualify for coverage.
  4. *Other General Guidelines:*
    - Patients identified as being potentially eligible for Medi-Cal through the California Health Benefit Exchange or any other third party coverage will

be asked to apply and will be expected to cooperate fully with the Department of Social Services in providing all necessary information.

- An account that has been placed within outside collection agency can be considered for charity care or discounted payment if the collection agency determines the amounts are not collectable due to the inability to pay in accordance with the hospital's charity care and discount policy.
- Administrative allowances or courtesy allowances will not be eligible for charity care.

#### **IV. Eligibility Criteria**

##### **A. Discount Payment and Charity Care Application: (See attachment A)**

1. Low income uninsured or underinsured patients or patients with high medical costs who indicate the financial inability to pay a bill for a medically necessary service shall be screened for charity care or discounted payment assistance preferably upon admission but can occur at any time.
2. The DRMC standardized application form will be used to document each patient's overall financial situation. This application is available in either English or Spanish and is available in any registration area or Patient Accounting.
3. Once a determination has been made a notification form will be sent to each applicant advising them of the decision.
4. In the event of a dispute, a patient may seek review from the Patient Accounting Supervisor, Director of Information Management or the President.
5. Credit reports may be used when appropriate to verify an individual's financial status.
6. A patient's employment status may be taken into consideration when evaluating charity care or discount payment status as well as potential payments from pending litigation, and third party liens related to the incident of care.
7. The amount and frequency of hospital bills incurred by the patient and patient's family may also be considered.
8. The data used in making a determination concerning eligibility for charity care or discounted care should be verified to the extent practical in relation to the amount involved.

9. Emergency physicians providing emergency services in the hospital is required to provide discounts to uninsured and high medical cost patients whose incomes at or below 350 percent of the Federal Poverty Guidelines. Patients receiving care in the Emergency Room will be advised to apply to the physician's billing company upon receipt of a bill for services.

#### **B. Full Charity Care**

The basic standard for full charity care write-off will be 200% of the most recent Federal Poverty Guidelines. Expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare. This will be the amount written off to charity and the difference will be considered a contractual allowance.

Medi-Cal patients are eligible for charity 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.

#### **C. Discounted Payment (Partial Charity Care): (See Attachment B)**

Discounted care will be granted to patients earning between 201% and 350% of the most recent Federal Poverty Guidelines. For these patients, expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare. For patients earning between 351% and 400% of the most recent Federal Poverty Guidelines a discount from routine charges of 50% will be applied. Clinic patients will receive discounted payment (partial charity) as described in the attached clinic sliding fee scale as the expected reimbursement from Medicare is at times higher than published rates due to the clinic's designation of a Rural Health Clinic.

#### **D. ~~Catastrophic Charity Care (High Medical Cost Patients)~~**

In order to qualify for ~~Catastrophic Charity Care Circumstances~~ the low-income hospital patient must meet the qualifications as described below:

Qualifications:

1. The patient's family income is at or below 350% of the Federal Poverty Guidelines.
2. The family's out-of-pocket medical expenses in the prior twelve months exceed 10% of family income.

Expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare.

In determining what if any payment is due from the patient, the expected payment amount will be compared to the amount paid from third party insurance. If the amount paid from the third party insurance is greater than the expected payment then no payment will be sought from the patient. If the expected payment is greater than the payment received from the third party insurance then the difference in payment will be sought from the patient.

**E. Catastrophic Charity Care**

In order to qualify for Catastrophic Charity Care the patient's portion of medical expenses must exceed thirty percent of family income.

Expected payment for services will be limited to the amount the hospital would have received for providing services from Medicare.

In determining what if any payment is due from the patient, the expected payment amount will be compared to the amount paid from third party insurance. If the amount paid from the third party insurance is greater than the expected payment then no payment will be sought from the patient. If the expected payment is greater than the payment received from the third party insurance then the difference in payment will be sought from the patient.

**F. 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 changes to such an extent that the patient becomes ineligible.

**G. Payment Plans**

The hospital will make available reasonable no interest payment plans for patients qualifying for discount payment or high medical cost services. The plan will be individually negotiated between the patient and the hospital and be based on ability to pay. A reasonable payment plan means monthly payments that are not more than ten percent of a patient's family income for a month, excluding deductions for essential living expenses. Essential living expenses means expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses. The time frame for

repayment will be set on an individual basis and be mutually agreed upon by both parties.

If a patient defaults making regular payments, the hospital can initiate collection efforts after 90 days of non-payment. The hospital will shall make reasonable efforts to contact the patient by phone and in writing giving notice that the extended payment plan may become inoperative. An attempt at renegotiating the payment plan will be done at the request of the patient or their guarantor. The hospital may not report adverse information to a credit-reporting bureau before the extended payment plan has been declared inoperative.

#### **H. 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 classify 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 care.

#### **I. Collection Agency**

Accounts will not be sent to a collection agency if the patient is in the process of applying for charity care or discounted payment. If the patient does not comply with requests for information or refuses to provide the hospital with information, the account can be sent for collections 150 days after initial billing.

If a collection agency identifies a patient meeting the hospital's charity care or discount payment eligibility criteria their patient account may be considered charity care, even if they were originally classified as bad debt. Collection agency patient accounts meeting charity care or discount criteria should be returned to the hospital billing office and reviewed for eligibility.

The collection agency will adhere to all state and federal laws pertaining to fair collection of debt.

#### **J. Special Circumstances:**

1. Deceased patients without an estate or third party coverage will be eligible for charity.
2. Patients who are in bankruptcy or recently completed bankruptcy may be eligible for charity.
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.

**J. Governmental Assistance:**

The hospital will make all reasonable efforts to determine whether the hospital stay would be either fully or partially paid for under other private or public health insurance. Consideration will be given to at least private health insurance, including coverage offered through the California Health Benefit Exchange; Medicare; Medi-Cal, Healthy Families; California Children's Services or other state-funded programs designed to provide health coverage.

If a patient applies or has a pending application for another health coverage program at the time they apply for charity or discounted care at the hospital, then neither application shall preclude eligibility for the other program.

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**K. Time Requirements for Determination:**

While it is desirable to determine the amount of charity care or discount for which the 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.

Every effort should be made to determine a patient's eligibility for charity care or discount payment. In some cases, a patient eligible for charity care or discount may not have been identified prior to initiating external collection action. Accordingly, the hospital's collection agencies should be made aware of the policy on charity care and discount payment. 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 hospital's charity care and discount eligibility guidelines.

**L. Definitions and Documentation of Income:**

1. Annual family earnings and cash benefits from all sources before taxes, less payments made for alimony and child support.
2. Proof of earnings may be determined by annualizing year-to-date family income, giving consideration for current earning rates.
3. Documentation will include recent pay stubs and/or tax returns. If no documentation is available then a written statement from the patient describing their financial situation will suffice.

**M. Approval Matrix of who can grant Charity Care Write-offs:**



Director of Information Management can approve amounts up to \$5,000. Above \$5,000 must be approved by the PresidentCFO.

**N. Review Process:**

**First Level** – Financial Counselor and or Self Pay Collector

**Second Level** – Patient Accounting Supervisor

**Third Level** – Director of Information Management and/or President

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**O. Accounting for Charity Care:**

To allow the hospital to track and monitor the amount and type of charity care being granted, separate transaction codes will be used as follows:

720	Full Charity Care write-offs
710	Discount Payment (Partial Charity Care) write-offs
700	High Cost Medical (Catastrophic Charity) Care write-offs
745	Discount Payment recoveries.

**P. Determining Expected Payment**

**Hospital Inpatients:** The hospital will use Medicare's DRG pricing software to determine expected reimbursement.

**Hospital Outpatients:** The hospital will apply the average Medicare outpatient payment rate to charges to determine expected reimbursement.

**Clinic Patients:** The hospital will apply the Medicare rural health clinic payment rate to determine expected reimbursement.

**Q. Recordkeeping**

Records relating to potential charity care patients must be readily obtained. A central file maintained in Patient Accounting with copies of the Statements of Financial Condition, Charity Care/Discount Payment Recommendation Summary forms and final disposition. These forms will also be scanned and attached to the patients' accounts for permanent storage. In addition, a spreadsheet will be maintained by the Patient Accounting Department Coordinator with the details of each charity request and disposition.

**R. Application of Policy**

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, Pathologist, etc.

**S. Public Notice and Posting**

Public notice of the availability of assistance through this policy should be made through the following means:

1. Posting notices in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration, such as the emergency department, billing office, admitting office, and hospital outpatient service settings.
2. Including language on bills sent to uninsured patients statements indicating:
  - a. If the patient meets certain income requirements the patient may be eligible for government-sponsored program, coverage through Covered California or for financial assistance from the hospital.
  - b. A hospital phone number that the patients may call for further information.
3. Providing all patients a handout outlining the types of financial assistance available and who to contact for additional information.
4. Providing all self-pay patients with an application for Medi-Cal, Covered California, Healthy Families or other government sponsored program prior to discharge from the hospital.

**Posted notices shall be in English and Spanish and in a manner consistent with all applicable federal and state laws and regulations. Posted notices shall contain the following information:**

1. A statement indicating that the hospital has a financial assistance policy for low-income uninsured or underinsured patients who may not be able to pay their bill and that this policy provides for full or partial charity care write-off.
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.

**APPROVED:** 12/30/14  
**PRESIDENT:** 12/31/14  
**BOD:**

**STATEMENT OF FINANCIAL CONDITION (Attachment A)**

<b>PATIENT NAME</b>	<b>SPOUSE</b>
<b>ADDRESS</b>	<b>PHONE</b>
<b>ACCOUNT #</b>	<b>SSN</b>
	(PATIENT)                      (SPOUSE)

**FAMILY STATUS: List all dependents that you support** mm/dd/yy

Name	Age	Relationship	DOB

**EMPLOYMENT AND OCCUPATION**

Employer: None                      Position:  

Contact Person & Telephone:  

If Self-Employed, Name of Business:  

  

Spouse Employer:                        Position:  

Contact Person & Telephone:  

If Self-Employed, Name of Business:  

**CURRENT MONTHLY INCOME**

	Patient	Spouse
Gross Pay (before deductions)		
<i>Add:</i> Income from Operating Business (if Self-Employed)		
<i>Add:</i> Other Income:		
Interest and Dividends		
From Real Estate or Personal Property		
Social Security		
Other (specify):		
Alimony or Support Payments Received		
<i>Subtract:</i> Alimony, Support Payments Paid		
<i>Equals:</i> Current Monthly Income	\$ -	\$ -
Total Current Monthly Income (add Patient+Spouse Income from above)	\$ -	-

**FAMILY SIZE**

Total Family Members

(add patient, spouse and dependents from above)

By signing this form, I agree to allow Delano Regional Medical Center to check employment and credit history for the purpose of determining my eligibility afor a financial discount. I understand that I may be required to provide proof of the information I am providing.

(Signature of Patient or Guarantor)	(Date)
(Signature of Spouse)	(Date)



**ATTACHMENT B: Delano Regional Medical Center Federal Poverty Income Guideline Sliding Scale-2014**

Eligibility Guide: Using household income and size as calculated in Attachment A, identify eligibility for financial discount.

Family Size	Period	Federal Poverty Guideline (FPG)	If income is below 200% (shown below) of FPG, eligible for <i>Full Write-off</i>	If income is above 200% but below 350% (shown below), eligible for <i>Partial Write-off</i>	If income is above 200% but below 400% (shown below), eligible for <i>Partial Write-off</i>
1	Annual	\$ 11,670.00	\$ 23,340.00	\$ 40,845.00	\$ 46,680.00
	Monthly	\$ 972.50	\$ 1,945.00	\$ 3,403.75	\$ 3,890.00
2	Annual	\$ 15,730.00	\$ 31,460.00	\$ 55,055.00	\$ 62,920.00
	Monthly	\$ 1,310.83	\$ 2,621.67	\$ 4,587.92	\$ 5,243.33
3	Annual	\$ 19,790.00	\$ 39,580.00	\$ 69,265.00	\$ 79,160.00
	Monthly	\$ 1,649.17	\$ 3,298.33	\$ 5,772.08	\$ 6,596.67
4	Annual	\$ 23,850.00	\$ 47,700.00	\$ 83,475.00	\$ 95,400.00
	Monthly	\$ 1,987.50	\$ 3,975.00	\$ 6,956.25	\$ 7,950.00
5	Annual	\$ 27,910.00	\$ 55,820.00	\$ 97,685.00	\$ 111,640.00
	Monthly	\$ 2,325.83	\$ 4,651.67	\$ 8,140.42	\$ 9,303.33
6	Annual	\$ 31,970.00	\$ 63,940.00	\$ 111,895.00	\$ 127,880.00
	Monthly	\$ 2,664.17	\$ 5,328.33	\$ 9,324.58	\$ 10,656.67
7	Annual	\$ 36,030.00	\$ 56,784.00	\$ 126,105.00	\$ 144,120.00
	Monthly	\$ 3,002.50	\$ 6,005.00	\$ 10,508.75	\$ 12,010.00
8	Annual	\$ 40,090.00	\$ 80,180.00	\$ 140,315.00	\$ 160,360.00
	Monthly	\$ 3,340.83	\$ 6,681.67	\$ 11,692.92	\$ 13,363.33
Each Additional Person	Annual	\$ 4,056.00	\$ 8,112.00	\$ 12,168.00	\$ 16,224.00
	Monthly	\$ 338.00	\$ 676.00	\$ 1,014.00	\$ 1,352.00

**Catastrophic Coverage:**

If the Patient's medical liability exceeds 30% of their family income then the patient could qualify for catastrophic coverage.

**Clinic Sliding Fee Scale**

Family Size	Monthly Income			
	From To	From To	From To	From
1	0 - \$973	\$974 - 1945	\$1,946 - \$2,918	\$1,392 +
2	0 - \$1,311	\$1,312 - \$2,622	\$2,623 - \$3,933	\$1,875+
3	0 - \$1,649	\$1,650 - \$3,298	\$3,299 - \$4,948	\$2,358+