

**ADMINISTRATIVE**

Effective Date: 9/24/02  
Review Dates: 1/06  
Revised Dates: 12/06, 2/07

Approved By:

Gary V. Kiff  
President & CEO

<b>ADMINISTRATIVE POLICY/PROCEDURE: No. 01.700.08</b>
<b>SUBJECT: Financial Assistance</b>
<b>REFERENCE: Charity Care: Policy &amp; Procedures Accounting and Reporting Improvement Project by Clark, Koortbojian &amp; Associates, Folsom, California AB 774, Chan. Hospitals: Fair Pricing Policies</b>

**I. PURPOSE:**

Beverly Hospital is a non-profit organization, which provides hospital services to the community of Montebello in Southern California. Beverly Hospital is committed to meeting the health care needs of all patients in the community, including those who may be uninsured or underinsured. As part of fulfilling this commitment, Beverly Hospital provides medically necessary services, without cost or at a reduced cost, to patients who qualify in accordance with the requirements of this Financial Assistance Policy.

The Financial Assistance Policy establishes the guidelines, policies and procedures for use by hospital personnel in evaluating and determining patient qualification for financial assistance. This policy also specifies the appropriate methods for the accounting and reporting financial assistance provided to patients at Beverly Hospital.

**II. SCOPE:**

The Financial Assistance Policy will apply to all patients who receive services at Beverly Hospital. This policy provides guidance for all hospital decisions to provide financial assistance, full or partial aid, to individual patients. All requests for financial assistance from patients, patient families, patient financial guarantors, physicians, hospital staff, or others shall be addressed in accordance with this policy.

**III. POLICY:**

**A. Financial Assistance Defined**

# BEVERLY HOSPITAL

1. Financial assistance, often referred to as Charity Care, is defined as any necessary<sup>1</sup> inpatient or outpatient hospital service provided at Beverly Hospital to a patient who is unable to pay for care. Patients unable to pay for their care must establish eligibility in accordance with requirements contained in the Beverly Hospital Financial Assistance Policy.
2. Depending upon individual patient eligibility, financial assistance may be granted on a full or partial aid basis. Financial assistance may be denied when the patient or other responsible guarantor does not meet the Beverly Hospital Financial Assistance Policy requirements.

## **B. Financial Assistance Reporting**

1. Beverly Hospital will report the amounts of financial assistance, full or partial, provided to patients as required for charity care. Charity care reporting will be in accordance with the regulatory requirements issued by the Office of Statewide Health Planning and Development (OSHPD) as contained in the *Accounting and Reporting Manual for Hospitals, Second Edition* and any other subsequent clarification or advisement issued by OSHPD. To comply with these regulations, the hospital will maintain this policy as written documentation regarding its charity care criteria, and for individual patients, each hospital will maintain written documentation regarding all financial assistance determinations. As required by OSHPD, charity care provide to patients will be recorded on the basis of actual charges for services rendered.
2. Charity care will be reported as an element of the hospital's annual Community Benefit Report submitted to OSHPD and any other appropriate state agencies.

## **C. General Process and Responsibilities**

1. Access to emergency medical care shall in no way be affected by whether financial assistance eligibility under this policy exists; emergency medical care will always be provided to the extent the facility can reasonably do so.
2. The Beverly Hospital Financial Assistance Policy relies upon the cooperation of individual applicants for accurate and timely submission of financial application information. To facilitate receipt of such information, Beverly Hospital will use a financial assistance application to collect information from patients who:
  - a. Are unable to demonstrate financial coverage by a third party insurer and request financial assistance.

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<sup>1</sup> Necessary services are defined as any hospital inpatient or outpatient service, or emergency care that is not entirely elective for patient comfort and/or convenience.

- b. Insured patients who indicate that they are unable to pay patient liabilities; and
      - c. Any other patient who requests financial assistance.
  - 3. The financial assistance application should be completed as soon as there is an indication the patient may be in need of financial assistance. The form may be completed prior to service, during a patient stay, or after services are completed and the patient has been discharged. Accordingly, eligibility for the Beverly Hospital Financial Assistance Program may be determined at any time the hospital has sufficient information to determine qualification.
  - 4. Completion of a financial assistance application provides:
    - a. Information necessary for the hospital to determine if the patient has income and/or assets sufficient to pay for services.
    - b. Authorization for the hospital to obtain a credit report for the patient or responsible party;
    - c. Documentation useful in determining eligibility for financial assistance; and
    - d. An audit trail documenting the hospital's commitment to providing financial assistance.

**D. Eligibility**

- 1. Eligibility for financial assistance shall be determined solely by the patient's and/or patient guarantor's ability to pay. Eligibility for financial assistance shall not be based in any way on age, gender, sexual orientation, ethnicity, national origin, veteran status, disability or religion.
- 2. The patient/guarantor bears the burden of establishing eligibility for qualification under any financial assistance program. Patients/guarantors are required to provide timely, honest and complete disclosure in order to obtain financial assistance. The hospital will provide guidance and/or direct assistance to patients or their guarantors as necessary to facilitate completion of government low-income program applications when the patient may be eligible. Assistance will also be provided for completion on an application for the Beverly Hospital Financial Assistance Program.
- 3. Completion of the financial assistance application and submission of any or all required supplemental information might be required for establishing eligibility with the Financial Assistance Program.

# BEVERLY HOSPITAL

4. Financial Assistance Program qualification is determined after the patient and/or patient guarantor establishes eligibility according to criteria contained in this policy. While financial assistance shall not be provided on a discriminatory or arbitrary basis, the hospital retains full discretion to establish eligibility criteria and determine when a patient has provided sufficient evidence of qualification for financial assistance.
5. Once determined, Financial Assistance Program eligibility will remain in effect for a period of six (6) months and then may be renewed by the hospital upon submission of required information by the patient. Patient financial services will develop methods for accurate tracking and verification of financial assistance program eligibility.
6. Any eligible patient account balance created by a visit that resulted in the request for Financial Assistance Program coverage and those occurring for a period of six (6) months following eligibility determination will be considered for write-off as charity care. Other pre-existing patient account balances outstanding at the time of eligibility determination by the hospital may be included as eligible for write-off at the sole discretion of hospital management.
7. Patient obligations for Medi-Cal Share of Cost (SOC) payments will not be waived under any circumstance. However, after collection of the patient share of cost portion, any other unpaid balance relating to a Medi-Cal SOC patient may be considered for charity care.
8. Factors considered when determining whether an individual is qualified for financial assistance pursuant to this policy may include, but shall not be limited to the following:
  - a. No insurance coverage under any government or other third party program
  - b. Household <sup>2</sup> income
  - c. Household net worth including all assets, both liquid and non-liquid
  - d. Employment status
  - e. Unusual expenses

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<sup>2</sup> "Household" includes the patient, the patient's spouse, any individual to whom the patient is a dependent and any other individual legally responsible to provide for the patient's health care needs.

Section 700: Financial Assistance

- f. Family size as defined by Federal Poverty Level (FPL) Guidelines
  - g. Credit history
9. Eligibility criteria are used in making each individual case determination for coverage under the Beverly Hospital Financial Assistance Program. Financial assistance will be granted based upon each individual determination of financial need. To assure appropriate allocation of assistance, financial need may be determined based upon consideration of both income and available patient family assets.
10. Covered services include necessary inpatient and outpatient hospital care providing the services are not covered or reimbursed by MediCal/Medicaid or any other third party payer. All patients not covered by third-party insurance and those insured patients who indicate that they are unable to pay patient obligations such as co-payments and deductibles, may be considered for eligibility under the Financial Assistance Program.

#### IV. INCOME QUALIFICATION LEVELS

##### A. Full Charity

- 1. If the patient's household income is 350% or less of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the entire (100%) patient liability portion of the bill for services will be written off as charity care.

##### B. Partial Charity

- 1. If the patient's household income is between 351% and 450% of the established poverty income level, based upon current FPL Guidelines, and the patient meets all other Financial Assistance Program qualification requirements, the following will apply:
  - a. Patient's care is not covered by a payer.
    - 1) If the services are not covered by any third party payer so that the patient ordinarily would be responsible for the full

# BEVERLY HOSPITAL

billed, charges, the patient's payment obligation will be the gross amount the Medicare program would have paid for the service if the patient was a Medicare beneficiary.

- b.** Patient's care is covered by a payer.
  - 1)** If the services are covered by a third party payer so that the patient is responsible for only a portion of the billed charges (i.e., a deductible or co-payment), the patient's payment obligation will be an amount that equals the difference between the amount paid by the third party payer and the gross amount the Medicare program would have paid for the service if the patient was a Medicare beneficiary. In the event the third party payer has already paid an amount greater than the gross amount the Medicare program would have paid for the service, no additional amount shall be due from the patient.

## **V. ASSET QUALIFICATION**

- A.** Patient owned assets might be evaluated to determine if sufficient patient household resources exist to satisfy the hospital's bill for services rendered. Evaluation of patient assets will consider both the asset value and amounts owed against the asset to determine if potential net worth is available to satisfy the patient payment obligation.
- B.** Recognizing the need to protect basic household assets, each patient family unit evaluated will be allowed the following asset exemptions:
  - 1.** Primary residence
  - 2.** One vehicle per patient or two vehicles per family unit
  - 3.** Twenty-Five Thousand Dollars (\$25,000) in other total assets
- C.** Patients who have assets beyond those specifically exempted will be expected to leverage the assets through independent financing in order to satisfy the patient account. Accordingly, patients with sufficient assets available are not qualified for the Beverly Hospital Financial Assistance Program. Patients with sufficient assets will be denied eligibility even when they meet basic income qualification requirements.

# BEVERLY HOSPITAL

- D. Notwithstanding the above, patients who qualify based on income level, but whose assets are marginally greater than the amounts specifically exempted, will be permitted to "spend-down" through liquidation of assets in order to meet Financial Assistance Pro-program qualification levels. The specific amount of "spend-down" required will be determined on a case-by-case basis by Beverly Hospital management.

## VI. SPECIAL CIRCUMSTANCES:

- A. Any evaluation for financial assistance relating to patients covered by the Medicare Program must include a reasonable analysis of all patient assets net worth, income and expenses, prior to eligibility qualification for the Financial Assistance Program. Such financial assistance evaluations must be made prior to service completion by Beverly Hospital.
- B. If the patient is determined to be homeless he/she will be deemed eligible for the Financial Assistance Program.
- C. If the patient guarantor has recently been declared bankrupt by a federal bankruptcy court he/she will be deemed eligible for the Financial Assistance Program.
- D. If the patient is deceased and there is no probate of the estate, or no estate exists, the patient will be deemed eligible for the Financial Assistance Program.
- E. Patients seen in the emergency department, for whom the hospital is unable to issue a billing statement, may have the account charges written off as charity care. All such circumstances shall be identified on the patient's Financial Assistance Application as an essential part of the documentation process.

## VII. OTHER ELIGIBLE CIRCUMSTANCES:

- A. The Beverly Hospital deems those patients that are eligible for any or all government sponsored low-income assistance programs to be indigent. Therefore, such patients are automatically eligible for charity care under the Beverly Hospital Financial Assistance Policy and account balances are classified as charity care if the government program does not make payment for all services provided, or days during a hospital stay.
- B. For example, patients who qualify for Medi-Cal, CCS, CHDP, Healthy Families, MSI, CMSP or other similar low-income government programs are included as eligible for the Beverly Hospital Financial Assistance Program.
- C. Any or all non-reimbursed patient account balances are eligible for full write-off as charity care. Specifically included as charity care are charges related to denied stays, denied days of care, and non-covered services. All Treatment Authorization Request (TAR) denials and any other failure to pay for covered or

# BEVERLY HOSPITAL

non-covered services provided to Medical and/or other government low-income qualified patients are covered.

- D.** Patients with restricted coverage, and/or other forms of limitation shall have non-covered amounts classified as charity care when payment is not made by the low-income government program.
- E.** The portion of Medicare patient accounts (a) for which the patient is financially responsible (coinsurance and deductible amounts), (b) which is not covered by insurance or any other payer including Medi-Cal, and (c) which is not reimbursed by Medicare as a bad debt, may be classified as charity care if:
1. The patient is a beneficiary under Medi-Cal or another program serving the health care needs of low-income patients; or
  2. The patient otherwise qualifies for financial assistance under this policy and then only to the extent of the write-off provided for under this policy.
- F.** Any patient who experiences a catastrophic medical event may be deemed eligible for financial assistance. The determination of a catastrophic medical event shall be based upon the amount of the patient liability at billed charges, and consideration of the individual's income and assets as reported at the time of occurrence. Management shall use reasonable discretion in making a determination based upon a catastrophic medical event. As a general guideline, any account with a patient liability for services rendered that exceeds \$75,000 may be considered for eligibility as a catastrophic medical event.
- G.** Any account returned to the hospital from a collection agency that has determined the patient or guarantor does not have the resources to pay his or her bill, may be deemed eligible for charity care. Documentation of the patient or guarantor's inability to pay for services will be maintained in the charity care documentation file.
- H. Public Notice**
1. Beverly Hospital shall post notices informing the public of the Financial Assistance Program. Such notices shall be posted in high volume inpatient, outpatient and emergency service areas of the hospital. Notices shall also be posted in the patient financial services and collection departments. Notices will include contact information on how a patient may obtain more information on financial assistance as well as where to apply for such assistance.
  2. These notices shall be posted in English and Spanish and any other languages that are representative of ten percent (10%), or more, of the patients in the hospital's service area.



# BEVERLY HOSPITAL

3. Statements of account sent to patients as part of the routine billing process will contain information about the Beverly Hospital Financial Assistance Program.

## **I. Billing and Collection Practices**

1. Patients in the process of qualifying for government or hospital low-income financial assistance programs will not be assigned to collections prior to 150 days from the date of initial billing.
2. Low-income patients, who at the sole discretion of the hospital are reasonably cooperating to settle an outstanding hospital bill, will not be sent to an outside collection agency if doing so would negatively impact the patient's credit.

## **J. Confidentiality**

1. It is recognized that the need for financial assistance is a sensitive and deeply personal issue for recipients. Confidentiality of requests, information and funding will be maintained for all that seek or receive financial assistance. The orientation of staff and selection of personnel who will implement this policy shall be guided by these standards.

## **K. Good Faith Requirements**

1. Beverly Hospital makes arrangements for financial assistance with hospital care for qualified patients in good faith and relies on the fact that information presented by the patient is complete and accurate.
2. Provision of financial assistance does not eliminate the right to bill, either retrospectively or at the time of service, for all services when fraudulent, inaccurate or incomplete information has been given. In addition, Beverly Hospital reserves the right to seek all remedies, including but not limited to civil and criminal damages from those who have provided false, inaccurate or incomplete information in order qualify for the Beverly Hospital Financial Assistance Program.
3. In the event that a patient qualifies for partial financial assistance under the Partial Charity component of this Policy and then fails to make payment in full on their remaining patient liability balance, then the hospital, at its sole and exclusive discretion, may use any or all appropriate means to collect the outstanding balance.

**ATTACHMENTS:**

Attachment A Financial Assistance Application Instructions

Approved By: Administrative Team Meeting, 9/13/02, 11/22/06  
Clinical Support MFC Committee, 11/17/05, 1/18/07  
Medical Executive Committee, 1/10/06, 2/12/07  
Board Audit and Finance Committee, 9/17/02, 12/11/06, 2/20/07  
Board of Directors, 9/24/02, 1/24/06, 12/12/06, 2/27/07

**Beverly Hospital  
Financial Assistance Application  
INSTRUCTIONS**

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1. Please complete all areas on the attached application form. If any area does not apply to you, write N/A in the space provided.
2. Attach an additional page if you need more space to answer any question.
3. You *must* provide proof of income when you submit this application. The following documents are accepted as proof of income:

If you filed a federal income tax return you must submit a copy:

- a. Federal income tax return (Form *1040*) from the most recent year. You must include all schedules and attachments as submitted to the Internal Revenue Service;
- b. Federal W-2 Form showing wages and earnings;
- c. Two (2) most recent paycheck stubs.

If you did not file a federal income tax return, OR if financial information has changed since your income tax return was filed, please provide the following:

- a. Two (2) most recent paycheck stubs;
- b. Two (2) most recent check stubs from any Social Security, child support, unemployment, disability, alimony or other payments;
- c. Two (2) consecutive bank statements;
- d. If you are paid only in cash, please provide a written statement explaining your income sources.

If you have no income, please provide a letter explaining how you support your-self/family.

4. Your application cannot be processed until all required information is provided.
5. It is important that you complete, sign and submit the financial assistance application along with all required attachments within fourteen (14) days.
6. You *must* sign and date the application. If the patient/guarantor and spouse provide information, both *must* sign the application.
7. If you have questions, please call your account representative.
8. Send your completed application to:

Beverly Hospital  
Patient Financial Services Department  
309 West Beverly Blvd.  
Montebello, CA 90640-4308

# BEVERLY HOSPITAL

## Beverly Hospital Financial Assistance Application

<b>PATIENT/ GUARANTOR NAME</b>		<b>SPOUSE NAME</b>	
<b>ADDRESS</b>		<b>PHONE</b>	
		<b>HOME</b>	
		<b>WORK</b>	
<b>SOCIAL SECURITY NUMBER</b>			
<b>PATIENT/ GUARANTOR NAME</b>		<b>SPOUSE NAME</b>	
<b>FAMILY STATUS</b> <b>List all dependents that you support</b>			
<b>Name</b>		<b>Age</b>	<b>Relationship</b>

<b>EMPLOYMENT STATUS</b>	
<b>Patient/Guarantor Employer</b>	<b>Position</b>
<b>Contact Person</b>	<b>Telephone</b>
<b>Spouse Employer</b>	<b>Position</b>
<b>Contact Person</b>	<b>Telephone</b>

<b>INCOME</b>		
	<b>Patient Guarantor</b>	<b>Spouse</b>
<b>1. Gross Wages &amp; Salary (before deductions)</b>		
<b>2. Self-Employment Income</b>		
<b>Other Income:</b>		
<b>3. Interest &amp; Dividends</b>		
<b>4. Real Estate Rental &amp; Leases</b>		
<b>5. Social Security</b>		
<b>6. Alimony</b>		
<b>7. Child Support</b>		
<b>8. Unemployment/Disability</b>		
<b>9. Public Assistance</b>		
<b>10. All Other Sources (Attach List)</b>		
<b>Total Income (Add Lines 1-10 Above)</b>		

<b>UNUSUAL EXPENSES</b>	
<b>Please provide information on any unusual expenses such as medical bills.</b>	
Description	Amount

<b>ASSETS</b>		
<b>Please provide an accurate estimate of value for each asset you own. Also, indicate how much you owe on any outstanding debt related to each asset listed.</b>		
Asset	Value	Amount Owed
<b>1. Primary Residence</b>		
<b>2. Other Real Estate (Attach List)</b>		
<b>3. Motor Vehicle (Attach List)</b>		
<b>4. Other Personal Property</b>		
<b>5. Bank Account &amp; Investments</b>		
<b>6. Retirement Plan</b>		
<b>7. Other Assets (Attach List)</b>		
<b>Total Amounts (Add Lines 1 – 7 Above)</b>		

**By signing below, I/we declare that all information provided is true and correct to the best of my/our knowledge. I/we authorize Beverly Hospital to verify any information listed in this application. We expressly grant permission to contact my/our employer, banking and lending institutions, and to check my/our client credit history.**

<b>Signature of Patient/Guarantor</b>	<b>Signature of Spouse</b>
<b>Date</b>	<b>Date</b>

## Financial Assistance Programs

Beverly Hospital offers financial assistance programs to assist patients who may be uninsured. To obtain information and/or a financial assistance program application, please contact (323) 725-4347.

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## Programas de Asistencia Financiera

Beverly Hospital ofrece programas de asistencia financiera para asistir a pacientes que no tienen seguro medico. Para obtener informacion o una aplicacion de asistencia financiera, por favor llamar a servicios financieros al: (323) 725-4347.