

Principles and Practices Board Sample Hospital Charity Care Policy and Procedures

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Introduction

The Principles and Practices Board (P&P Board) undertook developing an illustrative charity care policy to assist hospitals in fulfilling their community benefit. Hospitals are committed to providing charity care to persons who have healthcare needs and are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay, for medically necessary care based on their individual financial situation.

Although charity care is important, it is only one component of the community benefit that hospitals provide. Other components of community benefit include, but are not limited to:

- Unpaid public health, wellness, and educational programs
- Unpaid cost of Medicaid and other public programs
- Provision of essential healthcare services such as emergency rooms and low-income patient clinics
- Subsidized health services such as burn units, neonatal care, trauma centers, ambulance, community mental health centers, and transportation services
- Unpaid senior citizen education, outreach, and “meals on wheels” programs
- Cash and in-kind donations on behalf of the poor and needy to community agencies
- Unreimbursed cost of training health professionals and clinical and community health research.

Consistent with their mission to deliver compassionate, high quality, affordable health care services and to advocate for those who are poor and disenfranchised, hospitals strive to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care.

Charity is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with procedures for obtaining charity or other forms of financial assistance, and to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to healthcare services, for their overall personal health, and for the protection of their individual assets.

In order to assist hospitals to manage their resources responsibly and to provide the appropriate level of assistance to the greatest number of persons in need, the P&P Board has established the following sample policy to be used for the provision of patient charity.

As you review this policy, remember that it is meant to be a sample, not a standard. As your organization considers adopting this policy, you should keep in mind the communities you serve, any applicable state and local laws and regulations, and the individual mission of your organization.

I. Policy

[Sample Hospital] is committed to providing charity care to persons who have healthcare needs and are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay, for medically necessary care based on their individual financial situation. Consistent with its mission to deliver compassionate, high quality, affordable healthcare services and to advocate for those who are poor and disenfranchised, [Sample Hospital] strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care.

Charity is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with [Sample Hospital]'s procedures for obtaining charity or other forms of payment or financial assistance, and to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to health care services, for their overall personal health, and for the protection of their individual assets.

In order to manage its resources responsibly and to allow [Sample Hospital] to provide the appropriate level of assistance to the greatest number of persons in need, the Board of Directors establishes the following guidelines for the provision of patient charity.

II. Definitions

For the purpose of this policy, the terms below are defined as follows:

Charity Care: Healthcare services that have or will be provided but are never expected to result in cash inflows. Charity care results from a provider's policy to provide healthcare services free or at a discount to individuals who meet the established criteria.

Family: Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage, or adoption. According to Internal Revenue Service rules, if the patient claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of financial assistance.

Family Income: Family Income is determined using the Census Bureau definition, which uses the following income when computing federal poverty guidelines:

- Includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources;
- Noncash benefits (such as food stamps and housing subsidies) do not count;
- Determined on a before-tax basis;
- Excludes capital gains or losses; and
- If a person lives with a family, includes the income of all family members (Non-relatives, such as housemates, do not count).

Uninsured: The patient has no level of insurance or third party assistance to assist with meeting his/her payment obligations.

Underinsured: The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.

III. Procedures

A. **Services Eligible Under this Policy.** For purposes of this policy, "charity" refers to healthcare services provided without charge or at a discount to qualifying patients. The following healthcare services are eligible for charity:

1. Emergency medical services provided in an emergency room setting;
2. Services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual;
3. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting; and
4. Medically necessary services, evaluated on a case-by-case basis at [Sample Hospital]'s discretion.

B. **Eligibility for Charity.** Eligibility for charity will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care benefit program, and who are unable to pay for their care, based upon a determination of financial need in accordance with this Policy. The granting of charity shall be based on an individualized determination of financial need, and shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation. [*Sample Hospital shall determine whether or not patients are eligible to receive charity for deductibles, co-insurance, or co-payment responsibilities.*]

C. Determination of Financial Need.

1. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and may
 - a. Include an application process, in which the patient or the patient's guarantor are required to cooperate and supply personal, financial and other information and documentation relevant to making a determination of financial need;
 - b. Include the use of external publically available data sources that provide information on a patient's or a patient's guarantor's ability to pay (such as credit scoring);
 - c. Include reasonable efforts by [Sample Hospital] to explore appropriate alternative sources of payment and coverage from public and private payment programs, and to assist patients to apply for such programs;
 - d. Take into account the patient's available assets, and all other financial resources available to the patient; and
 - e. Include a review of the patient's outstanding accounts receivable for prior services rendered and the patient's payment history.

2. It is preferred but not required that a request for charity and a determination of financial need occur prior to rendering of services. However, the determination may be done at any point in the collection cycle. The need for payment assistance shall be re-evaluated at each subsequent time of services if the last financial evaluation was completed more than a year prior, or at any time additional information relevant to the eligibility of the patient for charity becomes known.

3. [Sample Hospital]'s values of human dignity and stewardship shall be reflected in the application process, financial need determination and granting of charity. Requests for charity shall be processed promptly and [Sample Hospital] shall notify the patient or applicant in writing within 30 days of receipt of a completed application.

D. Presumptive Financial Assistance Eligibility. There are instances when a patient may appear eligible for charity care discounts, but there is no financial assistance form on file due to a lack of supporting documentation. Often there is adequate information provided by the patient or through other sources, which could provide sufficient evidence to provide the patient with charity care assistance. In the event there is no evidence to support a patient's eligibility for charity care, [Sample Hospital] could use outside agencies in determining estimate income amounts for the basis of determining charity care eligibility and potential discount amounts. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted is a 100% write off of the account balance. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

1. State-funded prescription programs;
2. Homeless or received care from a homeless clinic;
3. Participation in Women, Infants and Children programs (WIC);
4. Food stamp eligibility;
5. Subsidized school lunch program eligibility;
6. Eligibility for other state or local assistance programs that are unfunded (e.g., Medicaid spend-down);
7. Low income/subsidized housing is provided as a valid address; and
8. Patient is deceased with no known estate.

E. Patient Charity Guidelines. Services eligible under this Policy will be made available to the patient on a sliding fee scale, in accordance with financial need, as determined in reference to Federal Poverty Levels (FPL) in effect at the time of the determination, as follows:

1. Patients whose family income is at or below XXX% of the FPL are eligible to receive free care;
2. Patients whose family income is above XXX% but not more than YYY% of the FPL are eligible to receive services at the average rates of payment [Sample Hospital] would receive for providing the services from Medicare, Medicaid, or any other government-sponsored health program of health benefits in which the hospital participates, whichever is greater; *[Sample Hospital may want to consider a sliding fee schedule as an alternative within this section];* and
3. Patients whose family income exceeds YYY% of the FPL may be eligible to receive discounted rates on a case-by-case basis based on their specific circumstances, such as catastrophic illness or medical indigence, at the discretion of [Sample Hospital].

F. Communication of the Charity Program to Patients and the Public. Notification about charity available from [Sample Hospital], which shall include a contact number, shall be disseminated by [Sample Hospital] by various means, which may include, but are not limited to, the publication of notices in patient bills and by posting notices in emergency rooms, urgent care centers, admitting and registration departments, hospital business offices, and patient financial services offices that are located on facility campuses, and at other public places as [Sample Hospital] may elect. Information shall also be included on facility websites and in the Conditions of Admission form. Such information shall be provided in the primary languages spoken by the population serviced by [Sample Hospital]. Referral of patients for charity may be made by any member of the [Sample Hospital] staff or medical staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains, and religious sponsors. A request for charity may be made by the patient or a family member, close friend, or associate of the patient, subject to applicable privacy laws.

G. **Relationship to Collection Policies.** [Sample Hospital] management shall develop policies and procedures for internal and external collection practices that take into account the extent to which the patient qualifies for charity, a patient's good faith effort to apply for a governmental program or for charity from [Sample Hospital], and a patient's good faith effort to comply with his or her payment agreements with [Sample Hospital]. For patients who qualify for charity and who are cooperating in good faith to resolve their hospital bills, [Sample Hospital] may offer extended payment plans to eligible patients, will not impose wage garnishments or liens on primary residences, will not send unpaid bills to outside collection agencies, and will cease all collection efforts.

H. **Regulatory Requirements.** In implementing this Policy, [Sample Hospital] management and facilities shall comply with all other federal, state, and local laws, rules, and regulations that may apply to activities conducted pursuant to this Policy.

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