

<b>Policy:</b> Charity Care Application		Policy # 4.70
Department: Patient Access		
Policy Manual: USMD Hospital Revenue Cycle Manual		
Effective date:	Revised date: 01-27-14	Review date: 06-30-15
Approved by:		Page: 1

**SCOPE:**

This policy applies to USMD Hospitals.

**PURPOSE:**

USMD Hospitals will provide charity care to patients who incur a significant financial burden as a result of receiving medically necessary care at a USMD hospital. Charity care will be offered in a manner consistent with federal and state law, the economic well-being of the hospital and moral obligation to care for persons unable to pay for medically necessary treatments. The purpose of this policy is to establish guidelines for that determination.

**POLICY STATEMENT:**

The Charity Care program will be administered under formalized procedures consistent with federal and state laws for budgeting, determining and reporting charity care. No patient will be denied financial assistance because of their race, religion or nation origin or any other basis which is prohibited by law.

1. USMD Hospitals Charity Care Program may be implemented to provide charity care to patients who are financially unable to pay their medically necessary hospital bills. The eligibility criteria for charity assistance are established in this policy.
2. The hospital's financial criteria procedures set forth in this policy shall include income levels and means testing indexed to the federal poverty guidelines. The maximum income level for determining eligibility for 100% charity adjustment shall not exceed 200% of the federal poverty guidelines. The federal poverty guidelines are published in the Federal Register in February of each year and for purposes of this policy will become effective the first day of the month of publication. Patients with family income greater than 200% of applicable federal poverty guidelines who have significant unpaid medical bills may also be eligible for charity care if the patient lacks sufficient funds to pay the out-of-pocket portion of their hospital bill. USMD Hospitals' pricing offered to uninsured patients prior to being approved under the Charity Care program will be discounted by 35% per the USMD Hospitals' *Patient Estimation and Collection Policy*. Pricing policies are consistent for all patients whether or not they qualify under the Charity Care Program.
3. Patients unable to pay their hospital bill are encouraged to apply for charity care. Application for charity care must be provided in the form of a completed *Financial Assistance Application*. Signage in English and Spanish regarding the USMD Charity Care policy including contact information will be conspicuously posted in the ER and main registration areas. The USMD Charity Care Policy and application will also be available in English and Spanish on USMD.COM. An application request may come from the patient or guarantor. The application may be requested from the Financial Counselor at the hospital or the CBO. The 3 page document, available in English or Spanish requires demographic and financial information about applicant and household members including monthly income, expenses, assets and copies of valid photo ID, last 3 months' check stubs, last 2 months' bank statements and most recent Federal tax return. The patient must also supply information regarding actual or potentially available health benefits including available COBRA coverage. It is the responsibility of the patient to actively participate in the hospital's financial assistance screening process and to provide requested information in a timely manner. A patient's failure to cooperate may result in denial of charity care. USMD Hospital will provide emergency care without

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discrimination for any patient regardless of their ability to pay or eligibility under the USMD Charity Care Policy.

4. The eligibility procedure is a formalized process whereby each charity care request is reviewed for compliance with the established eligibility criteria and approved or denied. This process must be documented on the standard *USMD Hospital Charity Adjustment Worksheet*. Both emergent and non-emergent patients may qualify for a Charity Care adjustment, but emergency care will be provided regardless of whether the patient qualifies under the financial assistance policy.
5. Charity Care applications must be returned by the applicant to the CBO address specified on page 3 of the application within 15 working days from the issuance of the application. The application may also be returned by mail or in person to the Financial Counselor or any Patient Access Services staff member. Applications with incomplete documentation will be pended and the patient will be notified that the application process cannot be completed without the requested information. An additional 10 days will be allowed for receipt of complete documentation.
6. Collection activity will be stopped as soon as a patient declares their intent to apply for charity care. It will resume when charity care is denied or if a completed application is not received within the timelines specified in (5.) above. These accounts will go through the normal process of sending three statements and attempting one phone call before being transferred to an outside agency for collection as a bad debt.
7. There is no requirement that the information reported in a charity application be audited or verified. The Chief Accounting Officer or Sr. Director Revenue Cycle Services shall determine jointly what, if any, application information is subject to verification. In no case should income verification procedures be established which are intended to unduly limit the patient's access to charity care assistance.
8. All patients who apply for charity care should be notified within 10 working days of the hospital's receipt of the completed application regarding the status of their request for charity assistance. The notification will include instructions for the patient if they choose to appeal an adverse decision.
9. If approved, in general, no subsequent attempts shall be made to collect charges from the patient or guarantor who has been approved for adjustment under the USMD Charity Care Program (subject to the rights of subrogation) except to the extent a patient or responsible party receives a recovery from any third party or other source. Charity adjustments may be completely or partially reversed in the event of a recovery from a third-party or source.
10. An appeal of the denial of charity care assistance may be considered at any time if material changes in the patient's circumstances are documented. Acceptable changes can include, but are not limited to, a change of employment, health and marital or family status.
11. All charity write off amounts shall be recorded in Meditech on a monthly basis using the appropriate non-charge procedure.
12. Documentation sufficient to identify each patient's income, the amount owed by the patient, a review and approval process that was followed shall be maintained for a period of three (3) years following the end of the year in which the charity write off was

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approved.

13. Charity Care is the option of last resort for the patient needing assistance. If funds are collected on the patient's account prior to charity approval, they will not be refunded to the payer.

**DEFINITIONS:**

1. Charity care: The un-reimbursed cost of providing healthcare services on an inpatient or an outpatient basis to a patient classified under this policy as financially or medically indigent.
2. Annual Income: If the patient is an adult the term Annual Income means the total gross annual income of the patient and any other responsible party, such as a spouse/domestic partner. If a patient is a minor, the term means the total gross annual income of the patient, the patient's parents and any other responsible party.
3. Unpaid medical or hospital bills: The balance remaining on all physicians, hospital, or other bills for medical treatment after payment by third party payer.
4. Medically Indigent: A person who's medical or hospital bills, after payment by third party payers, exceed a specified percentage of the patient's annual gross income, and that person is financially unable to pay the remaining bill. Other financial assets and liabilities of the person may be considered in determining ability to pay.
5. Financially indigent: An uninsured or under insured person who is accepted for care with no obligation or discounted obligation to pay for services rendered based on USMD Hospitals' eligibility criteria. Other financial assets and liabilities of the person may be considered in determining ability to pay.
6. Medically Necessary Care: Shall in general mean non-elective inpatient and outpatient acute hospital services that are reimbursable under the Medicare and/or Medicaid Programs.
7. USMD Hospitals Charity Care Program: The program implemented by USMD Hospitals to provide financial assistance to patients who qualify as financially indigent or medically indigent. The eligibility guidelines are detailed in Attachment 1 of this policy.

**PRIMARY RESPONSIBILITY/CONTROL:**

1. The financial counselors/ COB staff will be primarily responsible for issuing and controlling the applications for financial assistance under the Charity Care Program at USMD hospitals.
2. The CBO staff, Sr. Director Revenue Cycle Services and the Chief Accounting Officer will be primarily responsible for approving applications based on established approval levels.
3. The CBO staff will be responsible for updating the federal poverty guidelines as of February 1<sup>st</sup> of each year.

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**Procedure:**

- 1) Upon request for financial assistance by a patient/guarantor, the financial counselor, registrar, CBO staff member will submit an application for charity care to the patient/guarantor.
- 2) The USMD staff member submitting the application to the patient/guarantor should explain the requirements of the process including the deadline of 15 workdays for returning the completed application.
- 3) The USMD staff member providing the application to the patient/guarantor shall immediately add CHAR.PEND to the account(s) in question and reorder the insurances so that CHAR .PEND is immediately superior to self pay. On most, but not all, accounts CHAR.PEND will be primary.
- 4) The USMD staff member providing the application to the patient/guarantor will then enter a reminder in B/AR dated T+15 for the CBO staff. The reminder text should show the date of the 15<sup>th</sup> working day after the patient/guarantor is given the application.
- 5) The SCO staff shall queue his/her reminders daily and contact any patients/guarantors with outstanding applications.
- 6) Upon receipt of the completed application, the CBO staff will review the income information, number of family members, etc. for completeness. If there are any items on the application in need of additional information or clarification, the CBO staff will contact the patient/guarantor and update the application.
- 7) The CBO staff will then review the information and make a recommended determination of eligibility based on the federal poverty guidelines, the outstanding balances on other healthcare bills, etc.
- 8) The CBO staff will submit the completed application and recommendations regarding eligibility for charity care to the Sr. Director Revenue Cycle Services for signature and possible referral to the Chief Accounting Officer for further approval based on the approval levels detailed below in this policy.
- 9) Authorized applications shall be returned to the CBO staff in order for the following functions to be performed
  - a) Enter CHARITY insurance and reorder the insurances in B/AR for patients/guarantors eligible for charity care per the duly authorized applications.
  - b) Remove CHAR.PEND from all accounts covered by duly authorized applications. Both eligible and non-eligible patients/guarantors will have CHAR.PEND removed from their accounts.
  - c) Schedule letters in Meditech for the accounts covered by duly authorized applications to notify patient of acceptance or denial of their applications.
  - d) File the completed applications by month and year for storage according to the record retention guidelines at USMD hospital.

**APPROVAL LEVELS:**

\$0 - \$5,000.00 must be approved by the Sr Director Revenue Cycle Services.  
 \$5,000.01 and above must be approved by the Chief Accounting Officer

**APPROVAL:**

Sr Director Revenue Cycle Services  
 Chief Accounting Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 \_\_\_\_\_ Date \_\_\_\_\_

**REFERENCES:**

n/a

**AUDIT REQUIREMENTS:**

USMD revenue cycle personnel/revenue cycle director will perform periodic audits to determine policy compliance. Results of the audit will be presented to USMD Hospital Administration for review, recommendation, follow-up, and/or corrective action as required. All follow-up and corrective action plans will be reported by the department director as required or until resolution is achieved.

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## ATTACHMENT 1 – ELIGIBILITY GUIDELINES

The criteria noted in this Attachment 1 shall be strictly applied to determine whether a patient is eligible for assistance under the USMD Hospitals Charity Care Program. Only adjustments relating to those patients meeting the criteria set forth in this Attachment 1 shall be reported as charity in the hospitals' statement of operations.

**Financially Indigent** – A patient with estimated Annual Income between 0% and 200% of the federal poverty guidelines shall be approved for charity assistance provided the patient has insufficient funds and financial assets to pay his or her Hospital Bill without incurring an undue financial hardship. In general a Financially Indigent patient will be eligible for charity in an amount equal to the full balance of his or her Hospital Bill less the amount (if any) they are deemed able to pay without incurring an undue financial hardship.

**Medically Indigent** – Patients with unpaid Hospital Bills that are equal to or greater than the following specified percentages of the patient or guarantor's Annual Income may be approved for a charity adjustment of up to 100% of the unpaid balance in excess of the minimum patient responsible amount indicated in the following table provided the patient has insufficient funds and financial assets to pay his or her Hospital Bill without incurring an undue financial hardship. The percentage of their annual income is also the same percentage of their balance that is left remaining for the patient's charity co-pay. This formula will be applied to all outstanding guarantor balances.

Annual Income Levels	Minimum Patient Responsible Amount (% of Annual Income)
<b>2 to 2.5 times Federal Poverty Level</b>	<b>3.00%</b>
<b>2.5 to 3 times Federal Poverty Level</b>	<b>3.75%</b>
<b>3 to 3.5 times Federal Poverty Level</b>	<b>4.50%</b>
<b>3.5 to 4 times Federal Poverty Level</b>	<b>5.25%</b>
<b>4 to 4.5 times Federal Poverty Level</b>	<b>6.00%</b>
<b>4.5 to 5 times Federal Poverty Level</b>	<b>6.75%</b>
<b>5 to 6 times Federal Poverty Level</b>	<b>7.50%</b>
<b>6 to 7 times Federal Poverty Level</b>	<b>9.00%</b>
<b>7 to 8 times Federal Poverty Level</b>	<b>10.50%</b>
<b>8 to 9 times Federal Poverty Level</b>	<b>12.00%</b>
<b>Greater than 9 times Federal Poverty Level</b>	<b>13.50%</b>