

<b>ADMINISTRATIVE MANUAL</b>  <b>Charity Care and Discounted Payments (Financial Assistance Policy)</b>	Implemented <b>2/2007</b> Revised: <b>;02/17/2026</b> Reviewed: <b>;02/17/2026</b> Responsibility: <b><u>Business Office</u></b> Reference: <b><u>California Health and Safety Code, IRS §127400- 127450; IRC§501(r)</u></b>
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## POLICY:

Fairchild Medical Center's mission statement, "**To provide health care services of exceptional quality to all who need us,**" reflects Fairchild Medical Center's social accountability to the community we serve. Providing charity care (financial assistance) to patients, along with additional community benefit services, serves as a significant indicator of Fairchild Medical Center's commitment to it'. It is imperative that the determination, reporting, and tracking of charity care are in concert with our not-for-profit mission and community obligation.

Discounted payment and/or charity care will be based on the individual's ability to pay as defined by the Federal Poverty Income Guidelines and the attached sliding scale. No one will be denied access to services due to the inability to pay. In furtherance of its charitable mission and in compliance with federal and California law, Fairchild provides emergency and medically necessary health care services without discrimination and without regard to a patient's ability to pay.

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

Fairchild Medical Center will not deny, delay, or discourage the provision of emergency medical screening or stabilizing treatment because an individual has not paid for past services or lacks the ability to pay.

## PURPOSE:

The purpose of this policy is to define the eligibility criteria for charity care services and to provide administrative and accounting guidelines for the identification, classification, and reporting of patient accounts as charity care.

**SCOPE:**

This policy applies to all emergency and other medically necessary services provided by Fairchild Medical Center and as required by federal law, to emergency and medically necessary services provided in the hospital facility by substantially related entities.

This policy does not obligate Fairchild Medical Center to provide financial assistance for services that are not medically necessary or that are billed separately by providers not covered under this policy. A list of covered and non-covered providers is maintained in Exhibit C.

**DEFINITIONS:**

**Application Period:** The time period during which a patient may apply for Charity Care or Discounted Payment. There is no deadline for applying for charity care or discounted payment under California law.

**Charity Care:** Free care (a 100% reduction of hospital charges) provided to eligible patients for emergency and other medically necessary services under this policy.

**Discounted Payment:** A reduction of hospital charges, less than free care, provided to eligible patients based on family income and family size under this policy.

**Emergency Medical Condition:** A medical condition manifesting itself by acute symptoms of sufficient severity such that the absence of immediate medical attention could reasonably be expected to result in serious jeopardy to health, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part.

**Emergency Medical Care:** Medical screening examinations and stabilizing treatment provided to evaluate or treat an Emergency Medical Condition, including services required under the Emergency Medical Treatment and Labor Act (EMTALA).

**Essential Living Expenses:** Essential Living Expenses include, but are not limited to:

- Rent or house payments and maintenance.
- Food and household supplies
- Utilities, telephone, and transportation/auto expenses
- Medical and dental payments, insurance, and child or spousal support

**Extraordinary Collection Actions (ECA):** Collection actions that involve legal or judicial processes or that place additional financial or personal burdens on a patient. Fairchild does not use Extraordinary Collection Actions.

**Family:** For purposes of determining eligibility, family has the meaning assigned under California Health and Safety Code section 127400 and includes the patient and applicable spouse, domestic partner, parents, caretakers, and dependent children, and determined by the patient's age and circumstances.

**Family Income:** The combined gross income of all family members as defined above, calculated in accordance with California law. Monetary assets are not considered when determining eligibility.

**Federal Poverty Level:** The federal poverty guidelines updated periodically by the U.S. Department of Health and Human Services and published in the Federal Register. FPL is used to determine eligibility for Charity Care and Discounted Payment.

**Financial Assistance:** Charity Care and Discounted Payment provided under this policy to reduce or eliminate a patient's financial responsibility for eligible hospital services.

**Financially Qualified Patient:** A patient who meets the income-based eligibility requirements for Charity Care or Discounted Payment under the policy.

**High Medical Costs:** Out of pocket medical expenses incurred by a patient that meet the definition of high medical costs under California law, generally when annual out of pocket costs exceed a specified percentage of family income.

**Hospital Bill Complaint Program:** A California state program administered by the Department of Health Care Access and Information (HCAI) that reviews hospital decisions regarding eligibility for financial assistance and discounted payment programs.

**Medically Necessary Services:** Health care services that are reasonable and necessary for the diagnosis or treatment of illness or injury and that are consistent with accepted standards of medical practice.

**Presumptive Eligibility:** A determination that a patient qualifies for Charity Care or Discounted Payment based on readily available information, without requiring a completed financial assistance application.

**Self-Pay Patient:** A patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, Medi-Cal, and whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance or other payer for the hospital services provided.

**Underinsured**: A patient who has limited insurance coverage that does not provide coverage for the medically necessary care provided or the maximum liability under the insurance coverage.

**Uninsured**: Individuals who do not have third-party coverage from a health insurer, health care services plan, Medicare, Medi-Cal, limited worker's compensation/auto insurance, and whose family income is at or below 400 percent of the federal poverty level

Income is generally the total yearly gross income of the patient's family unit.

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## **PROCEDURE:**

1. Who May Qualify for Charity Care or Discounted Payments (HSC127405.(a)(1)(A); **IRC§501(r)**):
  - a. Self-pay Patients
  - b. Patients experiencing a sudden loss of income.
  - c. Patients facing extraordinary circumstances. Insured Patients with Limited Coverage
  - d. Insured Patients who have exhausted their benefits
  - e. Insured Patients with High Medical Costs
  - f. Insured Patients with High-Deductible Plans

## 2. Eligibility Criteria

- a. Charity Care/Discounted Payment Application. (See Financial Assistance Application)
- (1) A patient who indicates an inability to pay a bill for a medically necessary service shall be evaluated for charity care or discounted payment assistance.
  - (2) Fairchild Medical Center's Financial Application Form will be used to document each patient's overall financial situation.
  - (3) A notification letter will be sent to each applicant once a determination is made, informing them of the facility's decision.
  - (4) Employment status, potential payments from pending litigation, and any third-party liens related to the incident of care may be considered when determining eligibility.
  - (5) The amount and frequency of hospital bills may also be considered.
  - (6) All data used in making an eligibility determination should be verified to the extent practical based on the amount involved.
  - (7) The hospital will use the look-back method for calculating amounts generally billed.
- b. Eligibility for Charity Care Discount or Discounted Payments for Patients with No Third-Party Coverage (Self Pay)
- (1) Patients with no third-party coverage whose family income is less than or equal to 200% of the FPL may qualify for free care.
  - (2) Patients with no third-party coverage with family incomes between 201% and 400% of FPL are eligible for a discounted payment.  
Eligibility will be determined by a review of patient's income. Income will be verified with current f tax returns that documents the patient's income for the year in which the patient was first billed or 12 months prior to when the patient was first billed or current paycheck stubs. Additional information may be requested after a review of the tax return.
  - (3) 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.
  - (4) Patient to complete Fairchild Medical Center's Financial Assistance Application requesting a charity discount or discounted payment. Applications are available online at [fairchildmed.org/help-paying-your-bill/](http://fairchildmed.org/help-paying-your-bill/), or by contacting a Financial Counselor at (530) 841-8537, option 2.
  - (5) Criteria to be used to determine a patient's eligibility for a Discounted Payment:

- a) Patient's income must be between 201% and 400% of FPL with current tax returns that document a patient's income for the year in which the patient was first billed or 12 months prior to when the patient was first billed or current paycheck stubs.
  - b) A sliding-fee schedule approach will be used to determine the discounted payment depending on patient/family size and income. This may result in a different discounted payment for the same service depending on the patient's income level.
- (6) Patients may also be offered an Extended Payment Plan. The terms of the plan will be negotiated by the patient and Fairchild Medical Center's Financial Counselors and will take into consideration the patient's family income and essential living expenses. The monthly payment limit shall be an amount that is not more than 10 percent of the patient's family income for the month, excluding deductions for "essential living expenses".
- c. Eligibility for Discounted Payments for High Medical Cost Patients with Third Party Coverage
- (1) High Medical Cost patients with third party coverage whose family incomes are between 201% and 400% of the Federal Poverty Level (FPL) are eligible for a discounted payment. High Medical Costs are defined as out-of-pocket medical expenses equal to or greater than 10percent of the patient's annual family income in the last twelve months.
  - (2) Patient to complete Fairchild Medical Center Financial Assistance Application requesting a charity discount or discounted payment.
  - (3) Patient to provide proof of payment of medical costs. Fairchild Medical Center reserves the right to verify payments.
  - (4) Criteria to be used to determine a patient's eligibility for Discounted Payment for High Medical Costs:
    - a) Patient/Family income must be verified and must fall between 201% and 400% of the FPL. Income is verified using the patient's current filed federal tax return for the year in which the patient was first billed or for the 12 months prior, or by using current paycheck stubs.
    - b) Patients may also be offered an Extended Payment Plan. The terms of the plan will be negotiated by the patient and Fairchild Medical Center's Financial Counselors and will take into consideration the patient's family income and essential living expenses. The monthly payment limit shall be a payment that is not more than 10 percent of the patient's family income for the month excluding deductions for "essential living expenses".
    - c) A sliding fee schedule approach will be used to determine the discounted payment depending on patient/family size and income. This may result in

a different discounted payment for the same service depending on the patient's income level.

d. **Eligibility for 100% Charity Care (Free Care)**

To qualify for 100% Free Care, the patient must meet the expense qualification as described below:

- (1) **Expense Qualification:** The patient's Allowable Medical Expenses must exceed 10 percent of his or her Family Income determined as follows:
  - a) The Hospital will multiply the Family Income as determined (see Definition of Income) by 10%.
  - b) The Hospital will determine the patient's Allowable Medical Expenses.
  - c) The Hospital will compare 10% of the Family Income (Definition of Income) to the total amount of the patient's Allowable Medical Expenses. Based on this comparison, the hospital will establish the appropriate discount amount using the guidelines provided in Exhibit A (Charity Discount Matrix).
- (2) If the patient qualifies for Charity Care (Free Care) and the discounted payment, the hospital will apply the greater of the two discounts.
- (3) **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.
- (4) If the patient receives a discount because of third-party coverage, the patient is not eligible for an additional discount.

e. **Emergency Room Physicians**

Under Section 127450, emergency physicians that provide emergency medical services in a hospital that provides emergency care will provide discounts to uninsured patients or patients with high medical costs who are at or below 400 percent of the federal poverty level.

f. **Homeless Patients**

Homelessness is considered a “presumptive eligibility” factor, meaning that a patient experiencing homelessness may automatically qualify for charity care without having to go through the application process. If a patient is known to be homeless, Fairchild may waive the requirement for a completed financial assistance application or proof of income, as the patient’s situation already indicates an inability to pay for services. Patients determined to be eligible due to “presumptive eligibility” are eligible for the highest level of discount, which is typically Charity Care (Free Care) for emergency and medically necessary services.

g. **Collection Agency**

If a collection agency identifies a patient meeting the hospital’s charity care eligibility criteria the patient’s account may be considered for charity care.. Collection agency accounts meeting charity care criteria shall be returned to the hospital billing office and reviewed for charity care eligibility. If an account is returned and the patient is deemed to be eligible for financial assistance, the patient will not be charged more than the amount of payment the hospital would expect, in good faith, to receive for providing services from Medicare, Medi-Cal, Health Families, or another government-sponsored health program of health benefits in which the hospital participates, whichever is greater. If there is no established payment by Medicare or any other government-sponsored program of health benefits in which the hospital participates, the hospital shall establish an appropriate discounted payment.

h. **Special Circumstances**

- (1) Deceased patients who pass away while admitted with no known estate or funding source, may be deemed eligible for charity care without a full, traditional application. A copy of the Death Certificate or obituary will be used to verify a patient’s death.
- (2) Presumptive Eligibility: If a patient does not submit an application or documentation of income, Fairchild Medical Center may presumptively determine that a patient is eligible for charity care or discounted payment based on other information, such as prior eligibility determination.
- (3) High Medical Costs: Patients with income above the standard limit but with annual out-of-pocket medical expenses at the hospital exceeding 10% of their family income in the prior 12 months may qualify for discounted rates.
- (4) Discretionary Assistance: Fairchild Medical Center may grant discounted or charity care at their discretion for patients facing catastrophic medical expenses or

based on an assessment of the patient's individual financial situation, including unique income, assets, and expenses.

- (5) 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 Administration, and per the Bad Debt Write-Off Authorization policy, 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.
  - a) Medi-Cal Denied Patient Days and Non-Covered Services: 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 Requests (TARs) denials and any lack of payment for non-covered services provided to Medi-Cal patients are to be classified as charity.

i. **Governmental Assistance**

- (1) The hospital may assist patients in determining if they are eligible for any governmental or other assistance program, including applying for Presumptive Eligibility (PE) through California's Medi-Cal program. PE ends on the last day of the following month in which an individual was determined to be eligible for PE. Patients must follow up with the local Division of Health and Social Services office and submit a completed application for benefits to be continued beyond this date. Applying for Governmental Assistance is not a requirement for applying for Charity Care or discounted payments.
- (2) Patients eligible for programs such as Medi-Cal or SB612, 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.

i. **Application Process**

- (1) An application for charity care or discounted payments can be determined at any time the hospital is in receipt of the information regarding the patient's income and financial situation. (If a patient has not returned a complete application within 30 days, the Financial Counselor will follow-up.). 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 may take investigation to determine eligibility, particularly when the patient has limited ability or willingness to provide needed information.
- (2) Patients may obtain a copy of the Financial Assistance Policy, the plain language summary, and the financial assistance application on our website [www.fairchildmed.org/help-paying-your-bill/](http://www.fairchildmed.org/help-paying-your-bill/) or by calling (530)841-8537, option 2

and speaking with one of our Financial Counselors.

- (3) The application process may take place prior to service, at the time of service (during admission or discharge), or after the billing process. In all cases the patient must make their desire to apply for financial assistance known to the Financial Counselors.
- (4) The application process includes completing the Financial Assistance Application and providing all supporting documentation required in the application.
- (5) The completed application should be received by Fairchild Medical Center during the application period. Applications can be mailed to Fairchild Medical Center at 444 Bruce Street, Yreka, California, 96097.
- (6) If the application is returned incomplete, Fairchild will make reasonable efforts to notify the patient of the additional information needed and will continue to accept and process the application whenever the required information is received. Consistent with California law, applications for charity or discounted payment shall not be denied solely due to the failure to submit requested information within a specified timeframe..
- (7) Submitting false information on the Financial Assistance Application may also result in a denial of financial assistance, in which case all collection efforts may be resumed.
- (8) Every effort should be made to determine a patient's eligibility for charity care or discounted payments. In some cases, a patient eligible for charity care or discounted payment may not have been identified prior to initiating external collection action. Accordingly, each collection agency under contract with the hospital 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 their inability to pay in accordance with the facilities charity care or discounted payment eligibility guidelines.

### 3. **Notice of Determination**

A written notice by the Financial Counselor of the charity or discounted payment determination will be mailed to the address on file for the patient within 7 days of the determination being made. The notice shall be issued prior to, or in conjunction with, any billing statement sent to the patient. The notice will include:

- A clear statement of the eligibility determination, whether it was approved or denied.
- A clear explanation of the reduced bill
- If denied, a reason for the denial.
- Instructions on how to appeal the decision.
- Information on the Hospital Bill Complaint Program

### 4. **Appeal of Determination**

If the patient is denied charity or disputes the level of charity discount or discounted payment

given, the patient may provide a written appeal at any time per California law. This written appeal shall be addressed to the Business Office Manager who has 10 business days to respond to the patient's written appeal. The appeal process involves review by the Chief Financial Officer and/or Chief Executive Officer. The hospital's decision on this appeal is final and will be communicated in writing to the patient. (HSC 127405(a)(1)(A); **IRC§501(r)**)

## 5. **Recordkeeping**

Records relating to potential charity care patients must be readily obtained. Business Office records relating to charity care or discounted payments will be kept for five years. In addition, notes relating to charity applications and approval, or denial should be entered on the patient's account.

## 6. **Public Notice and Posting** (HSC 127410(b); **IRC§501(r)**)

A notification addressing the availability of financial assistance will be posted in all registration areas. The notice will be clearly and conspicuously posted in locations that are visible to the public, including, but not limited to, all of the following:

- (a) Emergency department
- (b) Admissions office
- (c) Other outpatient settings

Fairchild provides written notice of the availability of Charity Care and Discounted Payment programs in compliance with California Health and Safety Code §127410 and Title 22 of the California Code of Regulations.

- A copy of the written notice shall be provided at the time of service if the patient is conscious and able to receive a written notice at that time.
- If the patient cannot receive the notice at the time of service, the notice shall be provided during the discharge process.
- If the patient is not admitted, the written notice shall be provided when the patient leaves the facility.
- If the patient leaves the facility without receiving the written notice, the hospital shall mail the notice to the patient within 72 hours of providing services.

Notices include contact information for financial counseling, the Health Consumer Alliance website, and information on Covered California and Medi-Cal.

All billing statements and required notices include the Hospital Bill Complaint Program Statement as required by state regulation.

Notices and documents are provided in the patient's preferred language and meet California document accessibility and readability standards.

## 7. Collection Efforts of Eligible Patients

Fairchild Medical Center complies with both Internal Revenue Code §501(r)(6) and the California Hospital Fair Billing Act. Fairchild Medical Center makes reasonable efforts to determine whether a patient is eligible for financial assistance before pursuing any collection activity.

- a. Patients who qualify for charity receive 100% discount for the qualifying period, but patients who qualify for discounted payments will receive a percentage discount. The remaining balance is needed to satisfy the patient's financial obligations.
- b. No-interest extended payment plans will be negotiated in good faith with patients receiving discounted payments to meet their financial obligations. If the patient does not negotiate a payment plan, any remaining balance may be subject to placement with a collection agency if necessary.
  - (1) Once a payment plan is established, if no payments are made on the no-interest extended payment plan for 90 days, reasonable efforts to contact the patient in writing and by phone must be made and documented. The written notice must contain contact information about whom to contact and an opportunity to re-negotiate another no-interest extended payment plan.
- c. Extraordinary Collection Actions (ECA), as defined under federal law, are not used by Fairchild Medical Center. Collection activity, when necessary, is limited to lawful, non-extraordinary actions and is suspended immediately upon any indication that a patient may qualify for financial assistance.
- d. Prohibited Collection Practices:
  - Fairchild does not report hospital debt to consumer credit reporting agencies under any circumstances.
  - Fairchild does not sell patient debt to third parties.
  - Fairchild does not place liens on, or force the sale of, a patient's real property for hospital bills related to emergency or medically necessary care.
  - Fairchild does not engage in wage garnishment, back account attachment, or other extraordinary collection actions for patients eligible for financial assistance.

### FORMS:

Charity Discount Matrix (Exhibit A)  
Financial Assistance Application  
(Exhibit B) Providers Covered (Exhibit  
C)  
Amounts Generally Billed (Exhibit D)

## Fairchild Medical Center Charity Matrix (Exhibit A)

### Charity Care as Percentage of Poverty Level

Charity Discount Matrix			
			Under- Insured
		Discount	
0%	100%	100%	25%
101%	200%	50%	25%
201%	350%	15%	25%

### Catastrophic Charity Care

Castastrophic Charity Care Matrix	
Family Income Multiplier	Discount
25%	75%
50%	50%
75%	25%

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is on the Fairchild Medical Center Intranet.