| **Subject: Providence Financial Assistance (Charity Care) Policy – California** | **Policy Number:** PSJH RCM 002 CA | |
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| **Department:** Revenue Cycle Management | ☐ New<br>☒ Revised<br>☐ Reviewed | **Date:** 2/16/2023 |
| **Executive Sponsor:**<br>SVP Chief Revenue CycleOfficer | **Policy Owner:**<br>Executive Director Financial Counseling | |
| **Approved by**: SVP Chief Revenue CycleOfficer | **Implementation Date:** 4/1/2023 | |

Providence is a Catholic not-for-profit healthcare organization guided by a commitment to its Mission of serving all, especially those who are poor and vulnerable, by its Core Values of compassion, dignity, justice, excellence,and integrity, and by the belief that healthcare is a human right. It is the philosophy and practice of each Providence hospital that emergent and medically necessary healthcare services are readily available to those inthe communities we serve, regardless of their ability to pay.

**SCOPE:**
This policy applies to all Providence hospitals in the state of California (with the exception of Healdsburg Hospital), and to all emergency, urgent and other medically necessary services provided by Providence hospitals in California withexception of experimental or investigative care). A list of Providence hospitals covered by this policy can be found in Exhibit A Covered Facilities List. When we use the word "hospital" in this policy, it is referring to the scope of facilities described in Exhibit A.

This policy shall be interpreted in a manner consistent with Section 501(r) of the Internal Revenue Code of 1986,as amended, and, with respect to Providence Hospitals in California, the Hospital Fair Pricing Policies outlined inthe California Health and Safety Code (Sections 127400-127446). In the event of a conflict between the provisionsof such laws and this policy, such laws shall control.

**PURPOSE:**
The purpose of this policy is to ensure a fair, non-discriminatory, effective, and uniform method for the provision offinancial assistance (charity care) to eligible individuals who are unable to pay in full or part for medically necessary emergency and other hospital services provided by Providence hospitals.

It is the intent of this policy to comply with all federal, state, and local laws. This policy and the financial assistanceprograms herein constitute the official Financial Assistance Policy (FAP) and Emergency Medical Care Policy foreach hospital owned, leased, or operated by Providence.

**Responsible Persons :**
Revenue Cycle departments. In addition, all appropriate staff who perform functions relating to

registration, admissions, financial counseling, and customer support will receive regular training on this policy.

**POLICY:**
Providence will provide free or discounted hospital services to qualified low income, uninsured and underinsured patients, and patients with high medical costs who are at or below 400% of the FPL, when the ability to pay for servicesis a barrier to accessing medically necessary emergency and other hospital care and no alternative source of coverage has been identified. Patients must meet the eligibility requirements described in this policy to qualify.

Providence hospitals with dedicated emergency departments will provide, without discrimination, care for emergency medical conditions (within the meaning of the Emergency Medical Treatment and Labor Act) consistent with available capabilities, regardless of whether an individual is eligible for financial assistance.

Providence will not discriminate on the basis of age, race, color, creed, ethnicity, religion, national origin, maritalstatus, sex, sexual orientation, gender identity or expression, disability, veteran or military status, or any other basis prohibited by federal, state, or local law when making financial assistance determinations.

Providence hospitals with dedicated emergency departments will provide emergency medical screening examinations and stabilizing treatment or refer andtransfer an individual if such transfer is appropriate in accordance with 42 C.F.R. 482.55. Providence prohibits anyactions, admission practices, or policies that would discourage individuals from seeking emergency medical care, such as permitting debt collection activities that interfere with the provision of emergency medical care.

**List of Professionals Subject to Providence FAP:** Each Providence hospital will specifically identify a listof those physicians, medical groups, or other professionals providing services who are and who are not covered by this policy. Emergency room physicians who provide emergency medical services to patients at Providence California hospitals, are required by California law to provide discounts to uninsured patients or patients with highmedical costs (as defined by the Hospital Fair Pricing Policies outlined in the California Health and Safety Code (Sections 127400-127446)) who are at or below 400% of the Federal Poverty Level (FPL). Each Providence hospital will provide this list to any patient who requests a copy. The provider list can also be found online at the Providence websites: www.providence.org/obp.

**Financial Assistance Eligibility Requirements:** Financial assistance is available to both uninsured and insured patients and guarantors where such assistance is consistent with this policy and federal and state laws governing permissible benefits to patients. Providence hospitals will make a reasonable effort to determine the existence or nonexistence of third-party coverage which may be available, in whole or part, for the care providedby Providence hospitals, prior to directing any collection efforts at the patient. Uninsured patients may receive an uninsured discount. Eligible financial assistance balances include but are not limited to the

following: self pay, charges for patients with coverage from an entity without a contractual relationship, coinsurance, deductible, and copayment amounts related to insured patients. Deductible and coinsurance amounts claimed as a Medicare bad debt will be excluded from the reporting of charity care.

Patients seeking financial assistance must complete the standard Providence Financial Assistance Application and eligibility will be based upon financial need at that time or at any time Providence is in receipt of information regarding a patient's or their guarantor's income that may indicate financial need. Reasonable efforts will be made to notify and inform patients of the availability of financial assistance by providing information during admission and discharge, on the patient's billing statement, in patient accessible billing areas, on Providence hospital's website, by oral notification during payment discussions, as well as on signage in inpatient and outpatient areas, including areas where patients are admitted or registered and in the emergency department. In addition, Providence will notify patients that there are organizations that can help the patient understand the billing and payment process, as well as information regarding presumptive eligibility for financial assistance, and Providence will include the internet address for these organizations on its routine admissions forms presented to patients. Providence will retain information used to determine eligibility in accordance with its recordkeeping policies.

**Applying for Financial Assistance:** Patients or guarantors may request and submit a Financial Assistance Application, which is free of charge and available at the Providence ministry or by the following means: advising patient financial services staff at or prior to the time of discharge that assistance is requested and submitted with completed documentation; by mail, or by visiting www.providence.org/obp, downloading and submitting the completedapplication with documentation. A person applying for financial assistance will be given a preliminary screening, which will include a review of whether the patient has exhausted or is not eligible for any third-party payment sources and if they may meet the criteria for charity care.

Each Providence hospital shall make designated personnel available to assist patients in completing the FinancialAssistance Application and determining eligibility for Providence financial assistance or financial assistance from government-funded insurance programs, if applicable. Interpretation services are available to address any questions or concerns and to assist in the completion of the Financial Assistance Application.

A patient or guarantor who may be eligible to apply for financial assistance may provide sufficient documentationto Providence to support eligibility determination at any time upon learning that a party's income falls below the minimum FPL per the relevant Federal and State regulations. Providence will suspend any collection activities pending an initial determination of eligibility for financial assistance, provided that the patient or their guarantor is cooperative with Providence's reasonable efforts to reach an initial determination.

Providence acknowledges that a determination ofeligibility of financial assistance or discount can be made at any time upon learning that a party's income is below 400% of the federal poverty standard, adjusted for family size. In addition, Providence may choose to

grant financial assistance solely based on an initial determination of a patient's status as an indigent person. In these cases, documentation may not be required.

**Individual Financial Situation:** Income, certain assets, and expenses of the patient will be used in assessing the patient's individual financial situation. Providence will consider and collect information related to assets as required by the Centers for Medicare and Medicaid Services (CMS) for Medicare cost reporting. Assets considered when making a determination of eligibility for financial assistance shall not include: (A) for a single individual, the first $100,000 of a patient's monetary assets, and 50% of a patient's monetary assets over the first $100,000; (B) for a family of two or more, the first $100,000 of the family's monetary assets, and 50% of the family's monetary assets over the first $100,000; (C) any equity in a primary residence; (D) retirement or deferred compensation plans qualified under the Internal Revenue Code or nonqualified deferred compensation plans; (E) one motor vehicle and a second motor vehicle if it is necessary for employment or medical purposes; (F) any prepaid burial contract or burial plot; and (G) any life insurance policy with a face value of $10,000 or less. The value of any asset that has a penalty for early withdrawal shall be the value of the asset after the penalty has been paid. Information requests from Providence to the responsible party to verify assets will be limited to that which is reasonably necessary and readily available to determine the existence, availability, and value of a person's assets and will not be used to discourage application for free or discounted care. Duplicate forms of verification will not be requested. Only one current account statement will be required to verify monetary assets. If no documentation is available, Providence will rely on a written and signed statement from the responsible party. Any asset information obtained by the hospital in evaluating a patient for charity care will not be used for collection activities.

**Income Qualifications:** Income criteria, based on FPL, may be used to determine eligibility for free or discounted care. Please see Exhibit B for details.

**Determinations and Approvals:** Patients will receive notification of FAP eligibility determination within 30 days of submission of the completed Financial Assistance Application and necessary documentation. Any determination of ineligibility will include an explanation of the basis for denial. Once an application is received, extraordinary collections efforts will be pended until a written determination of eligibility issent to the patient. The hospital will not make a determination of eligibility for assistance based upon informationwhich the hospital believes is incorrect or unreliable.

**Dispute Resolution:** The patient may appeal a determination of ineligibility for financial assistance by providing relevant additional documentation to Providence within 30 days of receipt of the notice of denial. The patient may need to provide relevant additional documentation in support of their appeal. Providence will suspend any collection activities pending review of the appeal. All appeals will be reviewed and if the review affirms the denial, written notification will be sent to the guarantor andState Department of Health, where required, and in accordance with the law. The final appeal process will conclude within 10 days of receipt of the denial by Providence. An appeal may be sent to Providence Regional Business Office, P.O. Box 3268, Portland, OR 97208-3395.

**Presumptive Charity:** Providence may approve a patient for a charity adjustment to their

account balance bymeans other than a full Financial Assistance Application. Such determinations will be made on a presumptive basis using an industry-recognized financial assessment tool that evaluates ability to pay based on publicly available financial or other records, including but not limited to household income, household size, and credit andpayment history.

**Other Special Circumstances**: Patients who are eligible for FPL-qualified programs such as Medicaid, Medi-Cal, and other government-sponsored low-income assistance programs, may also be eligible for financial assistance. Patient account balances resulting from charges that are non-reimbursable by Medicaid, Medi-Cal or other government-sponsored low-income assistance programs may be eligible for full or partial charity write-off, including but not limited to non-reimbursable charges for medically necessary services related to the following:

- Denied inpatient stays
- Denied inpatient days of care
- Non-covered services
- Treatment Authorization Request (TAR) denials
- Denials due to restricted coverage

**Catastrophic Medical Expenses:** Providence, at its' discretion, may grant charity in the event of acatastrophic medical expense. These patients will be handled on an individual basis.

**Times of Emergency:** Financial assistance may be available at Providence's discretion in times of a nationalor state emergency, independent of assistance for catastrophic expenses.

**Limitation on Charges for all Patients Eligible for Financial Assistance:** No patient who qualifies forany of the above-noted categories of assistance will be personally responsible for more than the Amounts Generally Billed (AGB) percentage of gross charges, as defined below.

**Reasonable Payment Plan**: Once a patient is approved for partial financial assistance, but still has a balance due, Providence will negotiate a payment plan arrangement. The reasonable payment plan shall consist of monthly payments (without interest or late fees) that are not more than 10 percent of a patient's or family's monthly income, excluding deductions for Essential Living Expenses that the patient listed on their financial assistance application. Paymentplans will be interest free. Timelines of payment plans will be extended for patients with pending appeals of coverage.

**Billing and Collections:** Any unpaid balances owed by patients or guarantors after application of available discounts, if any, may be referred to collections. Providence will provide, or require any third party collection agencies to provide, the written notice required under HSC § 127430 about the patient's rights under the Fair Debt Collection Practices Act prior to collection activities. Collection efforts on unpaid balances will cease pending final determination of FAP eligibility. Collection efforts on unpaid balances will cease pending final determination of FAP eligibility. Providence does not perform, allow, or allow collection agencies to perform any

extraordinary collection actions. For information on Providence billing and collections practices for amounts owed by patients, please see Providence hospital's policy, which is available free of charge at each Providence hospital's registration desk, or at: www.providence.org/obp.

**Patient Refunds:** In the event that a patient or guarantor has made a payment for services and subsequently is determined to be eligible for free or discounted care, any payments made related to those services during the FAP-eligible time-period which exceed the payment obligation will be refunded, in accordance with state regulations.

**Annual Review:** This Providence Financial Assistance (Charity Care) Policy will be reviewed on an annualbasis by designated Revenue Cycle leadership.

**EXCEPTIONS:**
See Scope above.

**DEFINITIONS:**
For the purposes of this policy the following definitions and requirements apply:

1. Federal Poverty Level (FPL): FPL means the poverty guidelines updated periodically in the Federal Registerby the United States Department of Health and Human Services.

2. Amounts Generally Billed (AGB): The amounts generally billed for emergency and other medically necessarycare to patients to have health insurance is referred to in the policy as AGB. Providence Southern California and Providence Northern California except for Healdsburg uses the look-back AGB which is determined by multiplying the hospital's gross charges for any emergency or medically necessary care by a fixed percentagewhich is based on claims allowed under Medicare or Medi-Cal, whichever is greater. Information sheets detailing the AGB percentages used by each Providence hospital, and how they are calculated, can be obtained by visiting the following website: www.providence.org/obp or by calling 1-866-747-2455 to request a copy.

3. Extraordinary Collection Action (ECA): ECAs are defined as those actions requiring a legal or judicial process,involve selling a debt to another party or reporting adverse information to credit agencies or bureaus. The actions that require legal or judicial process for this purpose include a lien; foreclosure on real property; attachment or seizure of a bank account or other personal property; commencement of a civil action against an individual; actions that cause an individual's arrest; actions that cause an individual to be subject to body attachment; and wage garnishment.

4. High Medical Costs: High medical costs are those as defined by the Hospital Fair Pricing Policies - CaliforniaHealth and Safety Code (Sections 127400-127446), being: (1) annual out-of-pocket costs incurred by the individual at the Providence hospital that exceed 10 percent

of the patient's family income in the prior 12

months, (2) annual out-of-pocket expenses that exceed 10 percent of the patient's family income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's family inthe prior 12 months, or (3) a lower level determined by the Providence hospital in accordance with the Providence hospital's charity care policy.

**REFERENCES:**

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| *Internal Revenue Code Section 501(r); 26 C.F.R. 1.501(r)(1) – 1.501(r)(7)* |
| *California Health and Safety Codes section 127000 -127446* |
| *Emergency Medical Treatment and Labor Act (EMTALA), 42 U.S.C. 1395dd* |
| *42 C.F.R. 482.55 and 413.89* |
| *American Hospital Associations Charity Guidelines* |
| *California Hospital Association Charity Guidelines* |
| *California Alliance on Catholic Healthcare Charitable Services Guidelines* |
| *Providence Commitment to the Uninsured Guidelines* |
| *Provider Reimbursement Manual, Part I, Chapter 3, Section 312* |

**Exhibit A – Covered Facilities List**

For clarity, this policy also applies to all covered facility inpatient and outpatient departments and clinics. In addition, this policy applies to the employees of covered facilities, as well as any not-for-profit or non-profit entity majority owned or controlled by Providence and bearing the Providence name and their respective employees.

| **Providence Hospitals in Southern California** | |
|---|---|
| Providence Saint Joseph Medical Center | Providence Holy Cross Medical Center |
| Providence Little Company of Mary Medical Center San Pedro | Providence Saint John's Health Center |
| Providence Cedars-Sinai Tarzana Medical Center | Providence Little Company of Mary Medical Center Torrance |
| Providence St. Joseph Hospital Orange | Providence St. Jude Medical Center |
| Providence St. Mary Medical Center | Providence Mission Hospital Laguna Beach |
| Providence Mission Hospital Mission Viejo | |

| **Providence Hospitals in Northern California** | |
|---|---|
| Providence St. Joseph Hospital | Providence Redwood Memorial Hospital |
| Providence Santa Rosa Memorial Hospital | Providence Queen of the Valley Medical Center |

| **NorCal Health Connect Hospitals** | |
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| Petaluma Valley Hospital | Healdsburg Hospital |

**Exhibit B - Income Qualifications for Providence Hospitals in Southern California**

| If... | Then ... |
|---|---|
| Annual family income, adjusted for family size, is at or below 300% of the current FPL guidelines, | The patient is determined to be financially indigent and qualifies for financial assistance 100% write-off on patient responsibility amounts. |
| Annual family income, adjusted for family size, is between 301% and400% of the current FP guidelines, | The patient is eligible for a discount of 86% from original charges onpatient responsibility amounts. |
| If annual family income, adjusted for family size, is at or below 400% the FPL AND the patient has incurred totalmedical expenses at Providence hospitals in the prior 12 months in excess of 20% of their annual family income, adjusted for family size, for services subject to this policy, | The patient is eligible for 100% charity benefit on patient responsibilityamounts. |

**Income Qualifications for Providence Hospitals in Northern California and NorCal Health Connect Hospitals in Northern California**

| If... | Then ... |
|---|---|
| Annual family income, adjusted for family size, is at or below 300% of thecurrent FPL guidelines, | The patient is determined to be financially indigent and qualifies for financial assistance 100% write-off on patient responsibility amounts. |
| Annual family income, adjusted for family size, is between 301% and400% of the current FP guidelines, | The patient is eligible for a discount of 88% from original charges onpatient responsibility amounts. |
| If annual family income, adjusted for family size, is at or below 400% the FPL AND the patient has incurred totalmedical expenses at Providence hospitals in the prior 12 months in excess of 20% of their annual family income, adjusted for family size, for services subject to this policy, | The patient is eligible for 100% charity benefit on patient responsibilityamounts. |