El Centro Regional Medical Center

Title: **Financial Assistance Program (FAP), Full Charity Care Program**	Policy No. ADM-00312
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1.0 Purpose:

This policy describes El Centro Regional Medical Center's(ECRMC) Financial Assistance policy. ECRMC provides Financial Assistance to patients and families when they are unable to pay all or part of their medical bill for services provided by ECRMC. Financial Assistance is comprised of Full Charity Care (free care) and Discount Payment (charge for care that is reduced but not free). ECRMC determines eligibility for Financial Assistance based on Family Income, insurance status, and if insured, whether the patient or patient's Family have incurred High Medical Costs. Financial Assistance is available to Eligible Patients (uninsured patients or insured patients with High Medical Costs with Family Income at 400% of the Federal Poverty Limit or less).

This policy describes how ECRMC reviews a patient's income and the availability of health coverage/insurance to determine if Financial Assistance can be provided. The intent of this policy is to comply with applicable federal, state, and local laws and regulations. ECRMC does not discriminate and is fair in reviewing and assessing eligibility for Financial Assistance for patients who may need financial help.

2.0 Definitions

- Discount Payment: Discount Payment is defined as any charge for care that is reduced but not free for any emergency or Medically Necessary inpatient or outpatient hospital service provided to an Eligible Patient.
- Essential Living Expenses: Essential living expenses are defined as expenses for any of the following: rent or house payments (including maintenance expenses), food and

household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child and spousal support, transportation and automobile expenses (including insurance, fuel, and repairs), installment payments, laundry and cleaning expenses, and other extraordinary expenses.

- Family: A patient's family is defined as:
    - For persons 18 years of age and older, spouse, domestic partner, dependent children under 21 years of age, or any age if disabled, whether living at home or not; and
    - For persons under 18 years of age or for a dependent child 18 to 20 years of age, parent, caretaker relatives, and other children under 21 years of age, or any age if disabled, of the parent or caretaker relative.
- Federal Poverty Level (FPL): The poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under its statutory authority.
- Financial Assistance: Discount Payment or Full Charity Care.
- Full Charity Care: Full Charity Care is defined as free care for any emergency or medically necessary inpatient or outpatient hospital service provided to an Eligible Patient.
- High Medical Costs: Annual out of pocket costs incurred by the individual at the hospital that exceed the lesser of 10 percent of the patient's current family income or family income in the prior 12 months, or, 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 patient's family in the prior 12 months.
- Medically Necessary: A service is "medically necessary" or a "medical necessity" when it is performed in the hospital unless the hospital provides an attestation signed by the referring provider that the hospital services at issue were not medically necessary.

3.0 Scope:

This Policy applies to individuals who receive Medically Necessary inpatient and outpatient services rendered by ECRMC. Financial Assistance may be granted to individuals to assist with patient liability to ECRMC, including Medicare and commercial cost-sharing amounts. Medi-Cal share of cost is not eligible for Full Charity Care or Discount Payment.

Services rendered by ECRMC subject to this Policy include Medically Necessary hospital facility charges for services rendered by ECRMC under its license. This Policy does not apply to the following, except as required by law:

- Physician services;
- Purchases from ECRMC retail operations, such as gift shops and cafeteria; and
- Services that are not Medically Necessary.

Emergency physicians, as defined in California Health and Safety Code § 127450, who provide emergency medical services at ECRMC are also required by law to provide discounts to uninsured patients or patients with high medical costs who are at or below the FPL.

Patients may opt to request sliding fee scale payment for rural health clinic services pursuant to **XXX Policy Name**.

4.0 Application Procedure:

Under the patient Financial Assistance Program (FAP), all patients who request Financial Assistance will be required to complete a Financial Assistance Application (FAA). The FAA is a unified patient application for both Full Charity Care and Discount Payment. This enables ECRMC to provide the maximum Financial Assistance available to the patient.

Upon request, ECRMC shall provide direct assistance to facilitate completion of the FAA. The FAA includes the office and phone number to call if the patient has any question concerning the FAP or applying for the same. Eligibility for Full Charity Care or Discount Payments shall be determined at

any time, and ECRMC shall not impose time limits for applying for Full Charity Care or Discount Payment, nor deny eligibility based on the timing of a patient's FAA.

Patients must be honest and forthcoming when providing all information requested by ECRMC as part of the FAA process. ECRMC relies upon the cooperation of individual patients who may be eligible for Full Charity Care or Discount Payment, and patients must make every reasonable effort to provide ECRMC with documentation and health insurance coverage information such that ECRMC may decide the patient's qualification for coverage under the appropriate program. For both Full Charity Care and Discount Payment, the FAA must be accompanied by one of the following forms of documentation of income:

- Federal Income Tax Return (Form 1040) for patient and spouse or domestic partner from the year the patient was first billed or 12 months prior to when the patient was first billed, **or**
- Recent paystubs from within the 6 months before or after the patient is first billed (or if preservice, when the Application is submitted).

The documents provided for the FAA will only be used in reaching a Financial Assistance determination and will not be used for collection activities. ECRMC may consider the failure to provide full and complete information in making its determination.

If the patient is seeking a reduction of the Medicare cost sharing, ECRMC may require documentation of the patient's monetary assets to the extent required for ECRMC to be reimbursed under the Medicare program for Medicare bad debt. ECRMC will not consider the patient's monetary assets in determining eligibility for Full Charity Care or Discount Payment.

As discussed below, ECRMC may waive the requirement to submit a complete application if ECRMC obtains certain other information that allows ECRMC to perform a good faith assessment of the patient's ability to pay and uses that information to determine that the patient is eligible for Financial Assistance. The basis for any presumptive determination shall be documented in the billing system.

5.0 Eligibility:

Eligibility for Full Charity Care or Discount Payment for Eligible Patients shall be determined by the patient's Family income. Qualification for Financial Assistance shall not be based in any way on age, gender, sexual orientation, ethnicity, national origin, veteran status, disability, or religion. For patients with insurance, any discount shall be applied directly to the patient's out-of-pocket responsibility. Financial Assistance is intended for the benefit of the patient and shall not be used to reduce the payment obligations of any insurance payor.

Financial Assistance is not dependent on the patient applying for Medicare or Medi-Cal coverage. Furthermore, assignment of all insurance payments, including lawsuit or other legal settlements, to ECRMC is required, up to the amount of gross charges on the patient's bill. The patient is required to pay ECRMC the entire amount of any reimbursement sent directly to the patient or guarantor by a third-party payer for the hospital services received. If the patient receives a legal settlement, judgment or award under a liable third-party action that includes payment for health care services or medical care related to the injury, the patient or guarantor must reimburse ECRMC for the related health care services provided up to the amount reasonably awarded for that purpose.

Eligibility shall be determined at the time ECRMC is in receipt of the patient's paystubs or tax returns. There are no time limits for applying for Financial Assistance, and ECRMC will not deny an application based on the timing of its submission. All open accounts at the time of application will be reviewed for qualification.

5.1 **Standard Eligibility**

Financial Assistance is provided to Eligible Patients on a sliding scale based on Family income up to 400% of the FPL, as follows:

Full Charity Care: An Eligible Patient with Family income at 200% or less of the established poverty income level, based upon current FPL Guidelines, is eligible for Full Charity Care. Except as otherwise provided in this Policy, the entire (100%) of the Eligible Patient's patient liability portion of the bill for services will be written off, excluding Medicaid/Medi-Cal share of cost. Amounts due from

third-party payers are not impacted by an insured Eligible Patient's qualification for Full Charity Care based on High Medical Costs and Family income.

Discount Payment: An Eligible Patient with Family income between 201% and 400% of the established poverty income level, based upon current FPL Guidelines, is eligible for Discount Payment.

- Uninsured/self-pay Eligible Patient: The patient's payment obligation will be the Medicare payment amount for the services.
- Insured Eligible Patient: The patient's payment obligation for a patient with third party payer coverage with High Medical Costs will be an amount equal to the difference between the amount paid by insurance and the Medicare payment amount for the services. If the amount paid by insurance exceeds the Medicare payment amount, the patient will have no further payment obligation.

Family Income	***Patient Responsibility***
200% or less of the Federal Poverty Level	Zero (Full Charity Care)
201% - 400% of the Federal Poverty Level	Inpatient – 100% of DRG Amount, less any insurance or third-party payment Outpatient – 100% of Medicare APCs, less any insurance or third-party payment
> 400% of the Federal Poverty Level	No Financial Assistance

5.2 **Presumptive Eligibility**

ECRMC may grant presumptive Financial Assistance for individuals who are unable to complete the Application or provide financial information by making a good faith effort to determine income from the

patient's address, based on Equifax presumptive eligibility tool, or based on prior eligibility determination. Other grounds for presumptive eligibility may include:

- Patient is determined by ECRMC Registration staff to be homeless and without third party payer coverage.
- Deceased patients who do not have any third-party payer coverage, an identifiable estate or for whom no probate hearing is to occur.
- Patients who have been declared bankrupt by a federal bankruptcy court order within the past twelve (12) months.
- Patients seen in the emergency department, for whom ECRMC is unable to issue a billing statement, (i.e., the patient leaves before billing information is obtained) may be classified as Full Charity Care. All such circumstances shall be identified on the patient's account notes as an essential part of the documentation process.
- Patients who are eligible for government sponsored low-income assistance programs (e.g., Medi-Cal/Medicaid, California Children's Services, and any other applicable state or local low-income program) are automatically eligible for Full Charity Care when payment is not made by the governmental program. For example, patients who qualify for Medi-Cal/Medicaid as well as other government programs serving the needs of low-income patients (e.g., Child Health and Disability Prevention (CHDP) and some California Children's Services (CCS)) where the program does not make payment for all services or days during a hospital stay, are eligible for Financial Assistance coverage. Under ECRMC's FAP, these types of non-reimbursed patient account balances, excluding Medicaid/Medi-Cal "share of cost" or other Medicaid/Medi-Cal patient cost-sharing for such patients, shall be counted as Full Charity Care. Specifically included as Full Charity Care are charges related to denied stays or denied days of care. All Treatment Authorization Request (TAR) denials provided to Medi-Cal/Medicaid and other patients covered by qualifying low-income programs, and other denials (e.g., restricted coverage) are to be classified as Full Charity Care.

- Any uninsured patient who is classified as a foreign refugee, with documentation from the US Border Patrol, Customs and Immigration Service, and/or other government entity with jurisdiction, may be deemed as eligible for Full Charity Care.

5.3 Catastrophic Medical Event

Any uninsured patient whose income is greater than 400% of the current FPL and experiences a catastrophic medical event may be deemed eligible for Financial Assistance. Such patients who have higher incomes do not qualify for routine Full Charity Care or Discount Payment.

The determination of a catastrophic medical event shall be based upon the amount of the patient liability at billed charges, and consideration of the patient'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 $150,000.00 may be considered for eligibility as a catastrophic medical event**. This does not apply to the Rural Health Clinics**.

6.0 Determination of Financial Assistance

6.1 Review and Approval

Upon receipt of a FAA and determination of eligibility for Financial Assistance, ECRMC will send a letter indicating the determination status to the patient or family representative. The determination status letter will indicate one of the following:

- Approval: The letter will indicate the account has been approved, whether the patient has been approved for Charity Care or Discount Payment, the level of approval and any outstanding amount owed by the patient. Information and directions for any further patient actions will also be provided, including a clear explanation of the reduced bill and instructions on how the patient may obtain additional information regarding a payment plan if the patient qualifies for Discount Payment. The grant of Financial Assistance shall apply to any services rendered in the six months following the approval.

- Denial: A clear statement of the reasons for eligibility denial based on the FAA will be explained to the patient. Any outstanding amount owed by the patient will also be identified. Contact information and instructions for payment will also be provided. Instructions on how to appeal the denial will also be provided.

If found eligible under this Policy, ECRMC shall adjust the patient's outstanding balance for the services subject to Financial Assistance consistent with this Policy. Financial Assistance to past bills is applicable as follows: (1) if tax returns are submitted with the FAA, the services first billed in the year covered by the tax return or the following year; or (2) if paystubs are submitted with the FAA, the services first billed in the six months before or after the paystubs. If appropriate, ECRMC shall refund the individual any amount he or she has paid for the care (whether to the hospital facility or any other party to whom the hospital facility has referred or sold the individual's debt for the care) that exceeds the amount he or she is determined to be personally responsible for paying after Financial Assistance has been applied. ECRMC shall make any refunds under this section within 30 days of the determination of eligibility for Financial Assistance. Any interest owed by the hospital to the patient shall accrue at the rate set forth in Section 685.010 of the Code of Civil Procedure, beginning on the date payment by the patient is received by the hospital. However, ECRMC may choose not to reimburse the patient if ECRMC determines the patient would have qualified for Financial Assistance at the time the patient was first billed and it has either (i) been five years or more since the last payment to the hospital, assignee or debt buyer or (ii) the patient's debt was sold before January 1, 2022, in accordance with the law at the time.

6.2 **Appeals of Determination**

Denials of Financial Assistance may be appealed. Appeals must include an appeal letter from the patient or party with financial responsibility requesting reevaluation and an explanation why the patient or party with financial responsibility believes the Application was erroneously denied. The appeal may include supporting documents that may prove inability to pay that were not part of the initial consideration.

If subsequent to review and determination of Financial Assistance, it is found that the information relied on was in error, the following shall occur:

- If the corrected information in a prior denial of Financial Assistance now qualifies the patient for Financial Assistance, the patient will be notified that they are now eligible for Financial Assistance and the account(s) will be processed as described above.
- If the corrected information in a prior granting of Financial Assistance now disqualifies the patient for Financial Assistance, the patient will be notified that they are not eligible for Financial Assistance and payment is expected on their account(s).

Any or all appeals will be reviewed by the Director of the Patient Business Office. The Director shall consider all written statements of dispute and any attached documentation. After completing a review of the patient's claims, the Director shall provide the patient with a written explanation of findings and the determination.

If the party making the appeal disagrees with the findings by the Director, they may submit an additional written appeal to the Chief Financial Officer. The decision of the Chief Financial Officer is final. There are no further appeals.

7.0 Reasonable Payment Plans

If found eligible for Discounted Care, the patient may enter into an extended payment plan to allow payment over time. The hospital and the patient shall negotiate the terms of the payment plan and take into consideration the patient's Household Income, Essential Living Expenses, and the availability of a health savings account of the patient or the patient's family. ECRMC may require a patient or guarantor to pay the hospital any amount sent directly to the patient by third-party payers, including from legal settlements, judgments, or awards.

If the hospital and the patient cannot agree on the payment plan, the hospital shall create a payment plan where monthly payments will not be more than 10 percent of a patient's Household Income for a month, excluding deductions for Essential Living Expenses. To apply this formula, ECRMC shall collect patient family information on income and Essential Living Expenses on a standardized form to collect such information, unless the information request is waived by representatives of ECRMC.

No interest will be charged to qualified patient accounts for the duration of any payment plan arranged under the provisions of the FAP.

8.0 Public Notice

ECRMC makes information about its Financial Assistance Policy and Application available through numerous means in compliance with applicable state and federal laws and regulations. Information about this Policy shall be posted in hospital areas that are accessible to the public, such as the emergency department, billing office, inpatient admission and outpatient registration areas, outpatient observation units, or common waiting areas of ECRMC. Notices shall also be posted at any location where a patient may pay their bill. In addition, ECRMC shall post a copy of this Policy, the Plain Language Summary, and the Financial Assistance Application on its website and make all such documents available for free to download. 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.

ECRMC shall ensure that this Policy and requisite notices are translated into English and Spanish and are made accessible by interpretation or alternative formats to ensure access for limited English proficient and disabled individuals.

9.0 Full Charity Care and Discount Payment Reporting

ECRMC shall report actual Full Charity Care provided in accordance with this regulatory requirement of the Department of Health Care Access and Information (HCAI) as contained in the Accounting and Reporting Manual for Hospitals, Second Edition. To comply with regulation, ECRMC will maintain written documentation regarding its Full Charity Care criteria, and for individual patients, ECRMC will maintain written documentation regarding all Full Charity Care determinations. As required by HCAI, Full Charity Care provided to patients will be recorded on the basis of actual charges for services rendered.

10.0 References:

HealthCare Financial Management Association Principles and Practices Board Statement 15, "Valuation and Financial Statement Presentation of Full Charity Care and Bad Debts

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American Hospital Association Hospital Billing and Collection Practices Statement of Principles and Guidelines May 5, 2012

26 U.S.C. §§ 501(r)(1)-(6)

26 CFR §§ 1.501(r)-1 through 1.501(r)-7

California Health & Safety Code §§ 127400 *et seq.*

California Code of Regulations, Title 22, Division 7, Chapter 9.2

CMS Publication 15-1, Provider Reimbursement Manual, § 302.3