



POLICY:	Charity Care	Department:	Credit and Collections
Effective Date:	9/2004	Revision Date(s):	9/2004, 8/2010, 3/2019, 3/2022
Signature:	Review Date(s): 7/2014, 12/2015		

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#### Policy:

To establish procedures and criteria for charity care.

#### Definition of Charity Care

The distinction between bad debt and charity is the unwillingness of the patient to pay versus the demonstrated inability of the patient to pay. Applying this distinction is achieved through the determination of the financial status of an individual patient or guarantor.

The policy recognizes the need for flexibility in applying criteria for charity care eligibility. Such criteria should be used to evaluate the future as well as the current ability to pay. The mental, emotional or physical conditions and limitations of the patient should be considered when applying criteria.

Catastrophic hospitalization costs may be sufficient reason to consider extending charity to patients not meeting all of the criteria established by the hospital.

Write-off of only a portion of an account as charity should be considered in instances where the patient is able to pay part of the account.

Determination of charity status can be made at the time of service or any time after service if all procedures are completed to establish eligibility. Determination will be made at the discretion of the interviewer pending approval by the Credit and Collections Supervisor, Patient Financial Services Manager, Controller and/or Administrator.

#### Procedure:

##### Eligibility Determination

1. Gross income should fall within established standards for determination of poverty level, considering family size and other pertinent factors. The hospital will use 400% of the Federal Poverty Level guidelines.

For establishing eligibility, the following source of income should be considered: employment,

Social Security, public assistance, unemployment, Workers Compensation, State Disability, Veteran's benefits, child support, alimony, pensions, annuity payments and income estates and trusts, sale of property and one-time insurance or compensation payments. Patient's ability to borrow against assets may also be considered. Income should be verified. If the patient is unable to provide proof of income, a signed statement of income will suffice.

2. Available cash and lines of credit should be considered.
3. Employment status should be considered along with future earnings sufficient to meet the obligation within a reasonable period of time.
4. Other financial obligations including living expenses and other items of reasonable and necessary nature should be analyzed.
5. The amount(s) and frequency of the hospital bill(s) in relation to all of the factors outlined above should be considered.
6. Consideration will also be given to demonstrated fiscal responsibility of the patient. Excessive personal debt or high portions of monthly income going for luxury items will be weighed heavily in the decision to grant charity.
7. All other resources should be applied first, including Medicaid and other third-party sources. Patient must provide proof of application and denial.
8. Patient must fully cooperate in completing hospital forms and applying for government assistance before being considered for charity.
9. Patients who have no mailing address/residence and no insurance, or patients who live outside of Humboldt County, may be exempt from providing proof of application and denial or acceptance of government assistance.
10. Current Medi-Cal or County Medically Indigent Adult (MIA) recipients who are requesting charity care for prior services that were not covered by the program. This situation normally occurs in cases where a patient does not meet the financial eligibility criteria for either program for the month of hospital services, but subsequently after discharge (weeks, months) the patient's financial condition deteriorates and therefore becomes eligible for assistance for future medical care. Neither Medi-Cal nor County MIA will retroactively qualify applicants for prior periods.
11. If a third-party payment is expected, the charity allowance will be applied at the time of determination.
12. If it is determined that the patient can pay a portion of his/her account, the charity allowance will be applied at the time of determination.
13. If a charity allowance is applied and a third-party payment is later received resulting in a credit balance, the charity allowance account will be credited for the accounts receivable credit balance.
14. Charity write-offs must be approved by the Credit and Collections supervisor.

15. Charity will also be granted to clinic patients who meet these Charity Care requirements.
16. Patients who fall within the poverty limits will be asked to provide proof of application and denial or acceptance of government assistance. A patient whose income is higher than the poverty limits but are applying for charity because of catastrophic hospitalization cost and/or excessive medical cost and they are experiencing severe financial hardship, will be asked to complete a form detailing their assets, available lines of credit and expenses. Charity write-off accounts will be filed separately and logged by the Business Services Department. They will be logged by:
  - a. Patient's name
  - b. Account number
  - c. Date of service
  - d. Insurance Financial Class
  - e. Total obligation
  - f. Amount written off to charity.

Re-Evaluation of Eligibility:

Consideration should be given to reevaluating a patient's eligibility for charity when the following occur:

1. Subsequent rendering of services
2. Income change
3. Family size change

Committee Approval: \_\_\_\_\_

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References:

Distribution:

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