



Charity Care and Financial Assistance Policy

Release Date: 12/2022	HD Manual Management & Leadership	10 Pages
Original Date: 07/2005	Policy Number: 6.2H3	

I. PURPOSE

To establish criteria and procedure for the provision of Charity Care and Financial Assistance consistent with the requirements of all applicable federal and California laws regulating charity care provided by the hospital, including AB 532 and AB 1020.

II. DEFINITIONS

“Charity Care and/or Financial Assistance” means medically necessary hospital health care rendered to Indigent Persons when Third-Party Coverage, if any, has been exhausted, to the extent that the persons are unable to pay for the care or to pay deductible or coinsurance amounts required by a third-party payer based on the criteria in this policy.

“Covered California” means California’s Health Insurance Marketplace program that provides assistance and shopping for affordable healthcare and possibly financial assistance. Covered California will also assist in determining qualifications for Medi-Cal.

“High Medical Costs” means one of the following: (i) Annual out-of-pocket costs incurred by the individual at Hospital that exceed the lesser of 10 percent of the patient’s current family income or family income in the prior 12 months, or (ii) 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 in the prior 12 months.

“Indigent Persons” are those patients who qualify for Charity Care and/or Financial Assistance pursuant to this policy based on the federal poverty level, adjusted for family size, and who have exhausted any Third-Party Coverage.

“Third-Party Coverage” means an obligation on the part of an insurance company, health care services contractor, health maintenance organization, group health plan, government program (Medicare, Medi-Cal, workers compensation, veteran benefits), tribal health benefits, or health care sharing ministry as defined in 26 U.S.C. Sec. 5000A to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received related to the negligent acts of others (for example, auto accidents or personal injuries) which have resulted in the medical condition for which the patient has received hospital health care services.

III. POLICY

Kindred Hospital Santa Ana (hereinafter “Hospital”) is committed to the provision of health care services to all persons in need of medical attention regardless of ability to pay. To protect the integrity of operations and fulfill this commitment, the following criteria for the provision of Charity Care and/or Financial Assistance, consistent with the requirements of AB 532 and AB 1020, are established. These criteria will assist staff in making consistent objective decisions regarding eligibility for Charity Care and/or Financial Assistance.

Access to Hospital’s shoppable services is located at:

<https://www.kindredhospitals.com/locations/ltac/kindred-hospital-santa-ana/patient-experience/what-to-expect>

A. Eligibility Criteria for Charity Care and/or Financial Assistance

Charity Care and/or Financial Assistance is generally secondary to all other financial resources available to the patient, including the following: group or individual medical plans; Workers' Compensation; Medicare; Medicaid or medical assistance programs; other state, Federal, or military programs; any other Third Party (e.g. auto accidents or personal injuries); or any other Third Party Coverage or other situation in which another person or entity may have a legal responsibility to pay for the costs of medical services.

In those situations where appropriate primary payment sources are not available, for medically necessary hospital care received on or after January 1, 2022, or where the patient has High Medical Costs (as defined above), Hospital will consider patients for Charity Care and/or Financial Assistance under this policy, when Third-Party Coverage, if any, has been exhausted, based on the following criteria:

Income as a Percentage of Federal Poverty Level	Percentage Discount	Category
Less than or equal to 200 percent	100 percent	Full Charity Care
201-300 percent	75 percent	Financial Assistance
301-400 percent	50 percent	

Note regarding terminology: For patients receiving a percentage discount of less than 100%, the extent to which Hospital provides Financial Assistance is considered partial Charity Care. For the sake of clarity, however, “Charity Care” is used herein to refer to the scenario where the patient or guarantor has no financial responsibility, whereas “Financial Assistance” is used to refer to the scenario where the patient or guarantor has some financial responsibility at a discounted rate.

1. The full amount of patient or guarantor responsibility for hospital charges will be determined to be Charity Care for a patient whose family income is at or below 200% of the current federal poverty level, adjusted for family size. *Hospital may consider the value of assets to reduce Charity Care for individuals in this category.*
2. Seventy-five percent of patient or guarantor responsibility for hospital charges will be determined to be Financial Assistance for a patient whose family income is between 201% and 300% of the current federal poverty level, adjusted for family size, which percentage discount may be reduced by amounts reasonably related to assets considered as set forth below in Section B III.B Consideration of Assets. *Hospital will not consider the value of assets to reduce Financial Assistance discounts for individuals in this category.*
3. Fifty percent of patient or guarantor responsibility for hospital charges will be determined to be Financial Assistance for a patient whose family income is between 301% and 400% of the current federal poverty level, adjusted for family size, which percentage discount may be reduced by amounts reasonably related to assets considered as set forth below in Section III.B Consideration of Assets. *Hospital will not consider the value of assets to reduce Financial Assistance discounts for individuals in this category.*

The amount of patient or guarantor responsibility for hospital charges that is *not* Charity Care and/or Financial Assistance may be paid on an extended payment plan, as described in Section III.D Extended Payment Plans.

Catastrophic Charity: The Hospital may write off as Charity Care and/or Financial Assistance amounts for patients with family income in excess of 400 percent of the Federal Poverty Level when circumstance indicate severe financial hardship or personal loss.

Hospital shall not require a disclosure of resources from Charity Care and/or Financial Assistance applicants whose family income is less than 200 percent of the current Federal Poverty Level but may require a disclosure of resources from Charity Care and/or Financial Assistance applicants whose family income is at or above 201 percent of the current Federal Poverty Level.

B. Consideration of Assets (Charity Care Only)

When determining eligibility for Charity Care and/or Financial Assistance under this policy for care received on or after Jan 1,2022 for patients being considered for Charity Care and/or Financial Assistance for the full amount of hospital charges, Hospital may take into consideration the existence, availability, and value of assets or the patient to reduce the amount of the discount granted. In doing so, Hospital will exclude from consideration:

1. The first \$10000 in monetary assets for an individual and fifty percent (50%) of any monetary assets in excess of \$10000 for an individual; 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;

2. Equity in a primary residence;
3. Retirement plans or deferred compensation plans;
4. One motor vehicle (and a second motor vehicle if it is necessary for employment or medical purposes);
5. Prepaid burial contracts or burial plots; and
6. Life insurance policies with a face value of \$10,000 or less.

With respect to those assets that may be taken into consideration, Hospital will seek only such information regarding assets as is reasonably necessary and readily available to determine the existence, availability, and value of such assets.

1. Hospital will consider assets and collect information related to such assets as required by the Centers for Medicare and Medicaid Services (CMS) for Medicare cost reporting. Such information may include reporting of assets convertible to cash and unnecessary for the patient's daily living, but shall not include statements on retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans.
2. Duplicate forms of verification will not be requested. Only one current account statement is required to verify monetary assets.
3. If no documentation for an asset is available, a written and signed statement from the patient or guarantor is sufficient.
4. Asset information will not be used for collection activities.

C. Limit on Amounts Owed

Notwithstanding the above, for patients whose income is equal to or less than 400% of the current federal poverty level who are not eligible for Charity Care and/or Financial Assistance for the full amount of hospital charges, in no event will such patient or guarantor responsibility exceed the amount the Hospital would expect in good faith, to receive for providing such services from Medicare or Medi-Cal, whichever is greater. If there is no established payment rate for the service by Medicare or Medi-Cal, the Hospital shall establish an appropriate discounted payment rate.

D. Extended Payment Plans

Hospital shall allow a patient or guarantor who is eligible for Charity Care or Financial Assistance to pay any amounts that are such patient or guarantor's responsibility on an extended payment

plan. Such extended payment plan shall be negotiated between the parties, but if the parties cannot agree on an extended payment plan, the patient or guarantor will owe monthly payments that are not more than 10% of the patient's family income for a month, excluding deductions for "essential living expenses," which are defined as expenses for the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.

Hospital can declare such extended payment plan become inoperative if the patient or guarantor fails to make all consecutive payments due during a 90-day period, but Hospital shall not declare such extended payment plan inoperative until attempting to contact the patient by phone and providing notice in writing of an opportunity to renegotiate the extended payment plan. Such extended payment plan shall be extended beyond the 90-day period if the patient has a pending appeal for coverage of the services, as defined in Health & Safety Code section 127426. In no event shall the patient or guarantor owe interest on payments due under an extended payment plan.

E. Communications to the Public

Hospital's Charity Care policy shall be made publicly available through the following elements:

1. A notice advising patients that Hospital provides Charity Care and/or Financial Assistance shall be posted in key public areas of the Hospital.
2. The Hospital will make available on its web site, current versions of this policy, a plain language summary of this policy, and the Hospital's Charity Care application form.
3. Hospital will distribute a written notice of the Hospital's Charity Care and Financial Assistance policy to all patients at the of service or, if the patient is not conscious and able to receive written notice at that time, at the time the patient is discharge or (in the case of patients who have not been admitted) leaves the facility. This written information shall also be verbally explained at this time. If for some reason the patient is not notified of the existence of Charity Care before receiving treatment, he/she shall be notified in writing as soon as possible thereafter. The written notice shall include:
 - a. The internet address for the Health Consumer Alliance (<https://healthconsumer.org>),
 - b. Information regarding organizations that will help the patient understand the billing and payment process,
 - c. Information regarding Covered California and Medi-Cal presumptive eligibility, and
 - d. The internet address for the hospital's list of shoppable services.
4. The written notice, verbal explanation, the policy summary and the application will be available in any language that is needed for the Hospital's service area and interpreted for other non-English speaking or limited English-speaking patients and for other patients who cannot understand the writing and/or explanation. The following non-English translation(s) of these document will be made available:

Spanish

5. The Hospital has established a standardized training program on its Charity Care and Financial Assistance Policy and the use of interpreter services to assist persons with limited English proficiency and non-English-speaking persons in understanding information about its Charity Care and Financial Assistance Policy. The Hospital will provide regular training to front-line staff who work in registration, admissions and billing, and any other appropriate staff, to answer Charity Care and/or Financial Assistance questions effectively, obtain any necessary interpreter services, and direct inquiries to the appropriate department in a timely manner.
6. Written information about the Hospital's Charity Care and Financial Assistance Policy shall be made available to any person who requests the information, either by mail, by telephone, or in person. The Hospital's discounts extended, if applicable, shall also be made available upon request.

IV. PROCEDURE

A. Timing of Income Determinations.

Annual Family Income of the applicant will be determined as of the time the medically necessary hospital services were provided, or at the time of application for Charity Care and/or Financial Assistance if each of the following apply.

1. The application is made within two years of the time the medically necessary hospital services were provided.
2. The applicant has been making good faith efforts towards payment for the services or obtaining coverage for the services.
3. The applicant demonstrates eligibility for Charity Care and/or Financial Assistance.

B. Identification of Patients Eligible for Certain Third-Party Coverage

For services provided to patients on or after Jan 1, 2022, the following procedures will apply for identifying patients who may be eligible for health care coverage through California Medi-Cal or managed providers (e.g., Cal-Optima, I E H P) or Covered California.

1. As a part of the Charity Care and/or Financial Assistance application process for determining eligibility for Charity Care and/or Financial Assistance, Hospital will query as to whether a patient meets the criteria for health care coverage under California Medi-Cal programs or Covered California.
2. If a patient is billed for services who has not provided proof of Third-Party Coverage at the time the care was provided or at the time of discharge, the bill shall include a notice that includes:
 - A statement of charges for services rendered by Hospital
 - A request for the patient to inform Hospital of any Third-Party Coverage

- A statement that the patient may be eligible for Medicare, Medi-Cal, coverage offered through the California Health Benefit Exchange, California Children’s Services program, other state- or county-funded health coverage, or charity care, as well as information as to how the patient may obtain applications for such coverage
- Information regarding the Financial Assistance and Charity Care application, including (i) a statement that indicates that if the patient lacks or has inadequate insurance and meets certain income requirements, the patient may qualify for discounted payment or charity care; (ii) the name and telephone number of the appropriate Hospital contacts who can provide information regarding the application process; and (iii) a statement that, if the patient has an application for Third-Party Coverage program pending while he or she applies for Hospital’s Charity Care and/or Financial Assistance, neither application shall preclude eligibility for the other program.

Upon request, Hospital shall provide patients with a referral to a local consumer assistance center housed at legal services offices.

If a patient requests a discounted price or charity care or does not have Third-Party Coverage, Hospital shall provide the patient with an application for Medi-Cal or other state- or county-funded health coverage programs.

3. If information in the application indicates that the patient is eligible for coverage, Hospital will assist the patient or their guarantor in applying by, among other things, providing the patient or their guarantor with information about the necessary forms that must be completed or connecting them with other individuals or agencies who can assist.
 - In providing assistance to the application process, Hospital will take into account any physical, mental, intellectual, sensory deficiencies or language barriers which may hinder either the patient or their guarantor from complying with the application procedures and will not impose procedures on the patient or guarantor that would constitute an unreasonable burden.
4. If the patient or guarantor fails to make reasonable efforts to cooperate with Hospital in applying for coverage under the California Medi-Cal program or Covered California, Hospital is not obligated to provide Charity Care to such patient.

Exception to Initial Financial Assistance Determination: If a patient is obviously or categorically ineligible or has been deemed ineligible for coverage through medical assistance programs under the California Medi-Cal program or the California Health Benefit Exchange in the prior 12 months, Hospital will not require the patient or their guarantor to apply for such coverage.

C. Process for Eligibility Determination for Charity Care and/or Financial Assistance

Initial Determination

1. Hospital will allow a patient to apply for Charity Care and/or Financial Assistance at any point from pre-admission to final payment of the bill, recognizing that a patient's ability to pay over an extended period may be substantially altered due to illness or financial hardship, resulting in a need for charity services.
2. Hospital shall use an application process for determining eligibility for Charity Care and/or Financial Assistance. Requests to provide Charity Care and/or Financial Assistance will be accepted from sources such as: physicians; community or religious groups; social services; financial services; personnel; and the patient provided that any further use or disclosure of the information contained in the request shall be subject to the Health Insurance Portability and Accountability Act Privacy Regulations and the hospital's Privacy Policies. All requests shall identify the patient and their guarantor.
3. Pending final eligibility determination, Hospital will not initiate collection efforts or request deposits, provided that the patient and/or their guarantor is cooperative with the Hospital's efforts to reach a final determination of sponsorship status.
4. If Hospital becomes aware of factors which might qualify the patient for Charity Care and/or Financial Assistance under this policy, it shall advise the patient of this potential and make an initial determination that such account is to be treated as Charity Care and/or Financial Assistance.

Final Determination

1. *Prima Facie Write Offs*. In the event that the patient's identification as an Indigent Person is obvious to Hospital personnel, and Hospital can establish that the applicant's income is clearly within the range of eligibility, Hospital will grant Charity Care and/or Financial Assistance based solely on this initial determination. In these cases, the Hospital is not required to complete full verification or documentation.
2. Charity Care and Financial Assistance forms, instructions, and written applications shall be furnished to the patient and/or their guarantor when Charity Care and/or Financial Assistance is requested, when need is indicated, or when financial screening indicates potential need. All applications, whether initiated by the patient or the Hospital, should be accompanied by documentation to verify information indicated on the application form. In order to determine income eligibility for Financial Assistance, Hospital may only request recent pay stubs or income tax returns from a patient and/or guarantor. However, any one of the following documents shall be considered sufficient evidence upon which to base the final determination of Charity Care and/or Financial Assistance eligibility:
 - 2 recent pay stubs from all employment during that relevant time period
 - An income tax return from the most recently filed calendar year
 - Forms approving or denying eligibility for Medical and/or State-funded medical assistance
 - Forms approving or denying unemployment compensation

- Written statements from employer or welfare agencies
- W2 Statement

In cases when documentation is unavailable, the patient's income may be verified by having the patients sign assistance application attesting to the veracity to the income provided. If the proof of income is questionable, validation of income should be immediate requested.

See Section III.B regarding consideration of assets and what documentation may be requested to confirm availability of assets.

3. During the initial request period, the patient and the Hospital may pursue other sources of funding, including Medi-Cal Assistance and Medicare. The patient and/or guarantor will be required to provide written verification of ineligibility for all other sources of funding. Hospital may not require that a patient applying for a determination of Indigent Person status through a bank or other loan source funding.
 - a. Usually, the relevant time period for which documentation will be requested will be three months prior to the date of application. However, if such documentation does not accurately reflect the applicant's current financial situation, documentation will only be requested for the period of time after the patient's financial situation changed.
4. If the patient or their guarantor is not able to provide any of the documentation described above, the Hospital must rely upon written and signed statements from the patient or the guarantor for making a final determination of eligibility for classification as an Indigent Person.

Time frame for Final Determination and Appeals

1. Each Charity Care applicant that has been initially determined eligible for Charity Care and/or Financial Assistance shall be provided with at least 14 calendar days, or such time as may reasonably be necessary, to secure and present documentation in support of his or her care application prior to receiving a final determination of sponsorship status.
2. The Hospital shall notify the applicant of its final determination within 14 days of receipt of all application and documentation material.
3. The patients or their guarantor may appeal the determination of eligibility for Charity Care and/or Financial Assistance by providing additional verification of income or family size to the CFO/Controller within 30 days of receipt of notification.
4. The timing of reaching a final determination of Charity Care and/or Financial Assistance status shall have no bearing on the identification of Charity Care and/or Financial Assistance deductions from revenue as distinct from bad debts.

5. If the patient or guarantor has paid some or all of the bill for medical services and is later found to have been eligible for Charity Care at the time services were provided, he/she shall be reimbursed for any amounts in excess of what is determined to be owed. The patient will be reimbursed within 30 days of receiving the Charity Care and/or Financial Assistance designation.

Adequate Notice of Denial

1. When an application for Charity Care and/or Financial Assistance is denied, the patient and the guarantor shall receive a written notice of denial, which includes:
 - The reason or reasons for the denial
 - The date of decision
 - Instructions for appeal or reconsideration
2. When the applicant does not provide requested information and there is not enough information available for the Hospital to determine eligibility, the denial notice also includes:
 - A description of the information that was requested and not provided, including the date the information was requested
 - A statement that eligibility for Charity Care and/or Financial Assistance cannot be established based on information available to the Hospital
 - That eligibility will be determined if, within 30 (thirty) days from the date of denial notice, the applicant provides all specified information previously requested but not provided.