



Policies and Procedures

Tarzana Treatment Centers, Inc.

Title: Charity Care and Discount Policy

INTENT

The purpose of this policy is to ensure a consistent and uniform method among all Tarzana Treatment Centers, Inc. (TTC) facilities for compliance with the IRS Financial Assistance Policy and Emergency Medical Care Policy – Section 501(r)(4) and the California “Voluntary Principles and Guidelines on Billing and Collection Practices for Services Provided to Low-income Uninsured Patients.”

It is the intent of this policy to comply with all federal, state, and local regulations. If any regulation, current or future, conflicts with this policy, the regulation will supersede this policy.

SCOPE

This policy applies to all TTC services. TTC does not provide emergency medical care as defined in Section 1867 of the Social Security Act (42 U.S.C. 1395dd) therefore the elements of Financial Assistance Policy and Emergency Medical Care Policy – Section 501(r)(4) that apply to emergency medical care are not relevant.

This policy applies to all TTC services provided by all medical and behavioral health personnel whether those staff are employed by or contract with TTC. Please also see TTC’s “Patient Billing and Collection Policy.”

PRINCIPLES

- This policy reflects a commitment to provide financial assistance to patients who cannot pay for part or all of the care they receive.
- This policy balances a patient’s need for financial assistance with TTC’s broader fiscal responsibilities.
- Financial assistance provided by TTC is not a substitute for personal responsibility. All patients are expected to contribute to the cost of their care, based upon their individual ability to pay.
- TTC contracts with all levels of government to provide a large variety of substance abuse, mental health, HIV/AIDS, primary care and other health and housing related services to the uninsured, low income and indigent members of our communities, consistent with our commitment to reach out and service those most in need.

GUIDELINES

- TTC’s financial assistance policies shall clearly state the eligibility criteria (i.e., income, assets) and the process used by TTC to determine whether a patient is eligible for financial assistance. Such a process shall consider where and how far a particular patient falls relative to existing Federal Poverty Levels (FPL).
- When determining if private or public health insurance coverage is available to cover a patient’s charges partially or fully, TTC will consider the California Health Benefit Exchange as well as government sponsored health programs, such as Medicare, Medi-Cal, Healthy Families Program, California Children’s Services, or other State or county funded health coverage.
- Any patient who believes they are qualified may apply for financial assistance under TTC’s charity

care policy or discount payment policy.

- If a patient applies or has a pending application for another health coverage program at the same time they apply for charity or discounted care at the hospital, then neither application shall preclude eligibility for the other program.
- TTC staff shall use their best efforts to ensure all financial assistance policies are applied consistently.
- TTC staff shall assist the patient in determining if he/she is eligible for government-sponsored programs.
- TTC will include with statements sent to patients who have not provided proof of third-party coverage language informing the patient that they may be eligible for coverage offered through the California Health Benefit Exchange and other State or county funded health coverage, as well as Medicare, Medi-Cal, Healthy Families, and California Children's Services. This statement must also indicate how patients may obtain applications for coverage offered through the California Health Benefit Exchange and other State or county funded health coverage programs, and the hospital will provide these applications.
- TTC will provide patients with a referral to a local consumer assistance center housed at legal services offices.

Communication of Financial Assistance Policies with Patients and the Public

- Each facility shall post notices regarding the availability of financial assistance to low-income uninsured patients. These notices shall be posted in visible locations such as admitting/registration and billing office.
- Every posted notice regarding financial assistance policies shall contain brief instructions on how to apply for charity care or a discounted payment.
- Directors shall ensure that appropriate staff members are knowledgeable about the existence of the Facility's financial assistance policies.
- When communicating to patients regarding the financial assistance policy, staff shall do so in the primary language of the patient, or his/her family, if reasonably possible, and in a manner consistent with all applicable federal and state laws and regulations.
- TTC shall share the financial assistance policy with appropriate community health and human services agencies and other organizations that assist such patients.

POLICY: COMPLIANCE – KEY ELEMENTS CHARITY CARE

Any self-paying, uninsured patient who indicates an inability to pay will be screened for charity care. Additionally, any insured patient who indicates an inability to pay their liability after their insurance has paid may be screened for charity care. Screening shall include a review of the patient's eligibility for publicly funded programs operated by TTC. Screening for charity care will occur only after all other potential resources have been exhausted. The screening process will optimally occur at the time of service but may occur anytime during the collection process including post assignment to an outside collection agency. At minimum, screening for charity care will include documentation of family size and gross family income.

Charity care for inpatient and residential services will be granted based on these income levels:

<u>Income Level</u>	<u>Discount Amount</u>
Less than 200% of the Federal Poverty Level	100% Discount
200% to 300% of the Federal Poverty Level	75% Discount
301% to 350% of the Federal Poverty Level	50% Discount
350% to 400% of the Federal Poverty Level	25% Discount
Greater than 400% of Federal Poverty Level	Patient Pays Full charges

Charity Care for outpatient services, including primary care services provided in TTC's Federally Qualified Health Centers, will be based on Federal Poverty Level guidelines as described in Exhibit C.

CATASTROPHIC CHARITY CARE

Based upon the patients' complete financial situation, when the patient liability amount exceeds 50% of the total annual family income, amounts greater than 50% of the income may be written off to charity care.

MEDICAID/ MEDI-CAL DENIALS

Patients who qualify for Medicaid are also presumed to qualify for full charity write-off. Any charges for services written off (excluding billing timeliness, medical records, missing invoices, or eligibility issues) as a result of a Medicaid denial (such as TAR denial) shall be written off to a specific code and booked as charity.

RESTRICTED MEDICAID/ MEDI-CAL COVERAGE

Some Medicaid plans offer coverage for a limited or restricted list of services. If a patient is eligible for Medicaid, any charges for services not covered by the patient's coverage may be written off to charity without a completed Confidential Financial Statement. This does not include any Share of Cost (SOC) amounts, as SOC's are determined by the state to be an amount that the patient must pay before the patient is eligible for Medicaid.

DOCUMENTATION REQUIREMENTS:

Application

In order to qualify for charity care, a Confidential Financial Statement shall be completed. The Confidential Financial Statement allows for the collection of information. Income and documentation requirements are defined below. Pending the completion of such application, the patient shall be treated as a pending charity care patient in accordance with the TTC's policies and the appropriate financial class recorded to reflect this status.

DEFINITIONS

- *AGB* - Amounts Generally Billed is the maximum amount that can be collected from patients that qualify for financial assistance or as otherwise allowed under this policy. This term is more fully defined under the Charge Limitation section below.
- *Application Period* – The period during which TTC must accept and process an application for financial assistance under the FAP. The application period begins on the first post-discharge billing statement date and ends the 240th day after TTC provides the first post discharge billing statement.
- *Essential Living Expenses* – Expenses for any of the following: rent or house payments and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or childcare, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.
- *Extraordinary Collection Actions* - Actions taken by TTC against an individual related to obtaining payment of a bill for health care services provided by TTC that require a legal or judicial process, involve selling an individual's debt to another party, or involve reporting adverse information about

an individual to consumer reporting credit agencies or credit bureaus. Specific guidelines related to wage garnishments and noticing or conducting the sale of a patient's primary residence are provided in California law. Filing a claim in a bankruptcy proceeding is not deemed to be an Extraordinary Collection Action.

- **FPL** – Federal Poverty Level for the current year can be obtained from the following website: <https://aspe.hhs.gov/poverty-guidelines>
- **Extended Payment Plan** or **EPP** – A plan negotiated between a patient and TTC to allow payment of a discounted price over time.
- **Gross Charge** - An established price, listed on TTC's charge master, for a service or item that is charged consistently and uniformly to all patients before applying any contractual allowances, discounts or deductions.
- **Household Unit** or **Family** - For patients 18 years of age and older, the Household Unit or Family includes the patient's spouse, registered domestic partner, and dependent children under 21 years of age whether living at home or not. For patients under 18 years of age, the family includes the patient's parent, caretaker relatives, and other children (under 21 years of age) of the parent or caretaker relative.
- **Income** - Income includes salary and wages, interest income, dividend income, workers compensation, disability payments, unemployment compensation, business income, farm income, rentals and royalties, inheritance, strike benefits, and alimony payments. Income is also defined as payments from the state for legal guardianship or custody.
- **Notification Period** –The notification period begins on the first episode of care and ends 120 days after TTC provides the first post discharge billing statement.
- **Plain Language Summary** - A statement written in clear, concise and easy to understand language notifying individuals that TTC offers a financial assistance program and describing the program.
- **Uninsured** - A patient who does not have third party coverage from a health insurance plan, Medicare or state funded Medicaid, or whose injury is not a compensated injury for purposes of workers compensation, automobile insurance or other insurance or other source as determined and documented by TTC.
- **Under-insured** - Annual out-of-pocket costs incurred by the patient at TTC that exceed 10 percent of the patient's Family income in the prior 12 months or annual out- of-pocket medical expenses that exceed 10 percent of the patient's Family income, if the patient provides documentation of the patient's medical expenses paid by patient or the patient's Family in the prior 12 months.

Income Calculation: Patients will be required to provide their household's yearly gross income.

- **Adults:** The term "yearly income" on the Confidential Financial Statement means the sum of the total yearly gross income of the patient and patient's spouse.
- **Minors:** If the patient is a minor, the term "yearly income" on the Confidential Financial Statement means income from the patient, the patient's mother and/or father and/or legal guardian or caretaker and any other dependents.

Income Verification

Patients will be required to verify the income set forth in the Confidential Financial Statement in accordance with the documentation requirements identified below in cases where documentation is available. Any of the following documents is appropriate for verifying income:

- **Income Documentation:** Income documentation may include recent IRS Form W-2, wage and recent earnings statement, recent paycheck stub, recent tax returns, telephone verification by employer of the patient's income, bank statements, or other appropriate indicators of income.
- **Participation in a Public Benefit Program:** Documentation showing current participation in a public benefit program including Social Security, Workers' Compensation, Unemployment Insurance, General Relief, CALWORKS, Benefits, Medicaid, County Indigent Health, Food Stamps, WIC, or other similar indigence related programs.

Documentation Unavailable

In cases where the patient is unable to provide documentation verifying income, the following procedures shall be followed:

- **Obtain Patient's Written Attestation:** Have the patient sign the Financial Assistance Application attesting to the accuracy of the income information provided; or
- **Obtain Patient's Verbal Attestation:** The Financial Counselor who is completing the Confidential Financial Statement may provide written attestation that the patient verbally verified the income calculation. In all cases, at least two (2) attempts must be made and documented to attempt to obtain the appropriate income verification.
- **Expired Patients:** Expired patients may be deemed to have no income for purposes of the financial calculation. Although no documentation of income is required for expired patients, an asset verification process shall be completed to ensure that a charity care adjustment is appropriate.

Uncooperative Patients

Uncooperative patients are defined as unwilling to disclose any financial information as requested for Medicaid and/or charity care determination during the screening process. In these cases, the account will not be processed as charity care. The patient will be advised that unless they comply and provide the information, no further consideration will be given for charity care processing, and standard A/R follow-up will begin. Non-Compliant patients are defined as not meeting all required documentation for Medicaid/Medi-Cal screening but qualifying for charity care. In these cases, the Financial Counselor may process the account for charity care and the account will remain in the charity-pending financial class until the facility processes a charity write-off adjustment.

Abbreviated Application Process

TTC may establish an abbreviated application and verification process for those service areas in which they have determined that the typical level of charges are not high such as clinics, and outpatient areas. In these service areas, admissions staff or the financial counselor must at minimum document the family size and the total family gross income to determine the level of charity discount if any. TTC may require income verification if there are discrepancies in income reported by the client. For example, if the patient reports \$1,000 of gross income per month but is making a large mortgage payment along with several credit card payments TTC may require further income verification such as a credit report. If a credit report is not available, document that fact in the patient's notes. No further effort is required.

Charge Limitation

TTC will utilize AGB via the Prospective Medicare methodology for inpatient and outpatient accounts when determining patient liability, for individuals who qualify for financial assistance. Specifically, TTC will limit charges for a particular service to the AGB, which will be equal to the

amount that would be paid for the services if the patient were Medicare-eligible. The billed amount will not exceed the AGB or gross charges.

The billing statement to a patient may state TTC's standard Gross Charges but must show a write-off to get to the AGB. The difference between TTC's standard Gross Charges and the AGB or financial assistance discount amounts, will be accounted for as a charity care write-off.

Medi-Cal and Medicaid Coverage:

Medi-Cal Share of Cost or Medicaid copays not paid at the time of service will be billed to the patient. If unable to collect the copays, the copays will be written off as a charity write-off based on presumptive eligibility. Patients who have Medicaid coverage and have balances due for service dates up to six months prior to the effective date of their coverage, will be granted 100% financial assistance on such balances without further review or documentation from the patient based on presumptive inability to pay.

Other:

Generally, the determination that a patient stay qualifies for financial assistance will be made upon pre-admission, admission or as soon as possible thereafter. A financial counselor is available to assist patients with settlement of their accounts including applications for financial assistance, government-sponsored programs and referral to outside resources. However, in some cases qualification for financial assistance may be made after rendering services and in some circumstances, even after rendering of the bill. Collection efforts, including the use of a collection agency, are part of the information collection process and can appropriately result in identification of eligibility for financial assistance.

For partial financial assistance granted to patients meeting criteria for charity care, a transaction code of "621" shall be used in the billing system. Until additional transaction codes are created, all other patient financial assistance granted, the code of "621" shall be used.

As required by California State Law, TTC provides the Department of Health Care Access (formerly the Office of Statewide Health Planning and Development (OSHPD) its Financial Assistance Program Policy and application forms, as well as its debt collection policy at least bi-annually on January 1, or when there is a significant change. If there has been no significant change since the information was previously provided, TTC notifies the Department of Health Care Access of the lack of change.

Reasonable Payment Plan

TTC will offer a reasonable payment plan in situations where an agreement cannot be reached regarding a payment plan during the negotiation process between the hospital and patient. This payment plan will require that monthly payments do not exceed 10% of a patient's familial income for one month excluding deductions for 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 childcare, child and spousal support, transportation and automobile expenses (including insurance, fuel, and repairs), installment payments, laundry and cleaning expenses, and other extraordinary expenses.

Communication

Facilities are required to post signs in their admitting and registration areas informing patients about their financial assistance policies. Additionally, patient statements shall have standard language informing patients that they may request financial screening to determine eligibility for charity care. To the extent possible, these communications shall be in the primary language of the patient.

Once a charity determination has been made, the outcome must be communicated to the patient. That communication may be accomplished by sending the patient the letter in Exhibit B.

EXHIBIT A

Charity Care and Discount Application

Patient Name		Facility:	DOS:
Patient Number		Confidential Financial Statement (Application)	
RESPONSIBLE PARTY			
Name		Marital Status	Social Security Number
Street Address, City, State, Zip		How long at this address	Home Phone
Employers Name and Address (If Unemployed –How Long)			Business Phone
Position / Title	Monthly income – Gross	Monthly income - Net	Length of current employment
SPOUSE			
Name		Social Security Number	
Employer Name and Address			Business Phone
Position / Title	Monthly income – Gross	Monthly income – Net	Length of current employment
DEPENDENTS			
Name & Year of Birth of all dependents in household	Total Number of dependents in household	Do Any Other Persons Contribute? If Yes, Amount: Yes/No Amount	
INCOME PER MONTH & ASSETS			
Dividends, Interest	\$	Child Support / Alimony	\$
Public Assistance / Food Stamps	\$	Rental Income	\$
Social Security	\$	Grants	\$
Unemployment Compensation	\$	IRA	\$
Workers' Compensation	\$	Other	\$
Savings	\$		
EXPENSES PER MONTH			
Mortgage / Rent Payment:	\$	Balance:	\$
Own Home? (Yes/No)		Medical / Dental	\$
Food	\$	Doctor – Name	\$
Utilities:	\$	Doctor – Name	\$
Electric	\$	Doctor – Name	\$
Gas	\$	Credit Cards:	\$
Water / Sewer	\$	Visa	Limit \$
Trash	\$	Mastercard	Limit \$
Phone	\$	Discover	Limit \$
Cable	\$	Other	Limit \$
Auto Payments	\$	Installment Loans	\$
Auto Expenses	\$	Child Support	\$
Insurance:		Miscellaneous Expenses	\$
Auto Premium	\$		
Life Insurance	\$		
Health Insurance	\$		
OFFICE USE ONLY		To my knowledge the information provided above is true. I authorize a Credit Bureau Report to be secured by the Tarzana or its agent to verify my financial standing.	
Gross income			
Net income			
Total Expenses			
Total Net income(loss)			
PATIENT/GUARANTOR		SIGNATURE	
DATE			

Note: The Financial Statement (Application) is available in Spanish:

Nombre del	OFICINA	DOS
Número del	DECLARACION CONFIDENCIAL DE	
	ESTADO FINANCIERO	

PERSONA RESPONSABLE			
Nombre	Estado Civil	Número de Seguro Social	
Dirección, ciudad, estado, código postal		¿Cuánto tiempo ha vivido en esta dirección? Teléfono de su domicilio	
Nombre y dirección de su empleador (Si está desempleado, ¿por cuánto tiempo?)		Teléfono de su trabajo	
Empleo/Puesto	Ingreso mensual-Bruto	Ingreso mensual-Neto	Tiempo en su empleo actual

ESPOSA/ESPOSO			
Nombre			Número de Seguro Social
Nombre y dirección del empleador			Teléfono de su trabajo
Empleo/Cargo	Ingreso mensual-Bruto	Ingreso mensual-Neto	Tiempo en su empleo actual

DEPENDIENTES			
Nombre y año de nacimiento de todos	Número total de dependientes	¿Alguna otra persona contribuye? Si la respuesta	
los dependientes que viven en su casa que viven en su casa: _____		es sí, ¿con qué cantidad?: Sí/No Cantidad	

INGRESO MENSUAL Y ACTIVOS			
Dividendos, Intereses	\$	Manutención para hijos menores/esposa	\$
Ayuda pública/Cupones de alimentos	\$	Ingreso por alquileres	\$
Seguro social	\$	Acciones, bonos	\$
Compensación por desempleo	\$	Subvenciones (<i>grants</i>)	\$
Compensación por accidente de trabajo	\$	Cuenta de jubilación individual (<i>IRA</i>)	\$
Ahorros	\$	Otros inmuebles, sin incluir a su vivienda	\$

GASTOS MENSUALES			
Pagos de hipoteca/alquiler	\$	Gastos médicos/dentales	\$
¿Es propietario de su vivienda? (Sí/No):			
Alimentos	\$	Doctor-Nombre	
Servicios públicos:	\$	Doctor-Nombre	
Electricidad	\$	Doctor-Nombre	
Gas	\$	Tarjetas de crédito:	
Agua-Alcantarillado	\$	Visa	\$ Límite \$
Recolección de basura	\$	Mastercard	\$ Límite \$
Teléfono	\$	Discover	\$ Límite \$
Cable	\$	Otras	\$ Límite \$
Pago de vehículos	\$	Préstamos a plazo	\$
Gasto de vehículos	\$	Manutención para hijos menores	\$
Seguro:	\$	Gastos misceláneos	\$
Prima de vehículos	\$		
Seguro de vida	\$		
Seguro médico	\$		
SOLO PARA USO DE LA OFICINA Ingresos brutos		Hasta donde me es posible saber, la información arriba proporcionada es correcta. Autorizo a Tarzana o a su representante, para que obtengan un reporte de crédito para la verificación de mi situación financiera.	
Ingresos netos			
Total de gastos			
Ingreso neto total (pérdida)			
FIRMA DEL PACIENTE/GARANTE		FECHA	