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## Financial Assistance

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Policy/Procedure Number- AD-3004

Supersedes-1.1606, Policy: Organization/Governance, Financial Assistance

### **Purpose Statement**

The policy outlines the purpose of, and guidelines for, applying and receiving financial assistance in the form of charity care or discounted payments at Valley Children's Hospital ("Valley Children's"). The policy also outlines standards and practices for the collection of debt.

### **Key Definitions**

#### **Charity Care**

Free care.

#### **Discount Payment**

Any charge for care that is reduced but not free.

#### **Federal poverty level**

The poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code.

#### **Guarantor**

A person who has legal financial responsibility for the patient's health care services.

### **Out-of-pocket**

Means any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing.

### **Patient's family**

For persons 18 years of age and older, spouse, domestic partner, as defined in section 297 of the Family Code, and dependent children under 21 years of age, or any age if disabled, consistent with Section 1614(a) of Part A of Title XVI of the Social Security Act, whether living at home or not. (2) For persons under 18 years of age or for a dependent child 18 to 20 years of age, inclusive, parent, caretaker relatives, and parent's or caretaker relatives' other dependent children under 21 years of age, or any age if disabled, consistent with Section 1614(a) of Part A of Title XVI of the Social Security Act.

### **Policy**

Valley Children's is committed to providing high quality, comprehensive health care services to patients, regardless of their ability to pay. The policy covers all emergent and medically necessary care. Medically necessary care is considered services or supplies that are needed for the diagnosis or treatment of a medical condition and meet accepted standards of medical practice. Valley Children's strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care. Financial assistance is not considered to be a substitute for personal responsibility, and patients are expected to comply with Valley Children's procedures for obtaining financial assistance and to contribute to the cost of their care based on individual ability to pay. Valley Children's does not engage in extraordinary collections actions before making reasonable efforts to determine whether the individual is eligible for financial assistance. This policy does not apply to physician services except for emergency room physicians providing emergency medical services to Valley Children's patients.

### **Patient Notification and General Information:**

Information about financial assistance available from Valley Children's shall be disseminated through various means, including Valley Children's website, the publication of notices in patient bills, delivery of patient notification at time of

registration for an inpatient stay, emergency department visit, or clinic visit and by posting notices in high volume areas such as the Emergency Department, Clinics, Admitting, Patient Accounting and other places as Valley Children's may elect. Such information shall be provided in English and Spanish and will be translated for patients/guarantors who speak other languages. The notices will inform patient families they may be eligible for public insurance programs including, but not limited to, government sponsored programs and the California Health Benefit Exchange (Covered California). Valley Children's shares its Financial Assistance Policy with the appropriate community health agencies and organizations that assist families. Upon request, patients will be provided with referrals to local consumer assistance agencies housed at community legal services offices.

A patient may qualify for financial assistance at any time. Every attempt will be made to identify all available funding sources prior to, or at the time of, the visit. If a funding source cannot be identified, financial assistance may be provided. A request for financial assistance may be initiated via completion of a Financial Assistance Application by the patient, guarantor, family member, physician, or health care representative. All financial assistance requests will be considered for eligibility upon receipt of the prescribed financial information.

Valley Children's recognizes that the financial status of patients may change over time. Valley Children's personnel will actively assist families with screening for eligibility for any program with the assistance of patients and their guarantors. Valley Children's will refer a patient/guarantor to alternative programs. (i.e. Medi-Cal, California Children's Services, the California Health Benefit Exchange or any other government sponsored health program for health benefits in which the Hospital participates).

For patients eligible for charity care, failure of patient/guarantor to comply with the referral process to alternative programs may result in forfeiture of the right to be considered for charity care under the Financial Assistance Program. In the event the patient/guardian misses the deadline to apply for retro- active Medi-Cal or other

insurance coverage for a specific date of service, the patient/guarantor may be required to apply for ongoing coverage before current outstanding self-pay balances will be considered for the Financial Assistance Program.

For patient/guarantors eligible for discounted payments, Valley Children's may recommend the patient/guarantor to participate in screening for Medi-Cal eligibility, however, if the patient does not apply for Medi-Cal they will not be excluded from eligibility for discounted payments.

The granting of financial assistance shall be based on an individualized determination of financial need and shall not consider age, gender, residence, race, socio-economic or immigrant status, sexual orientation, religious affiliation or protected class. Factors for determining financial need may include but are not limited to family income, family size, scope and extent of a patient's medical bills, and employment status.

## **Procedure**

### **Application Process:**

The Financial Assistance Application may be completed by telephone with the assistance of a Patient Accounting Financial Counselor or by completing, signing and returning the application to: Valley Children's Hospital Patient Accounting Department, 9300 Valley Children's Place, Madera, CA 93636 or by uploading via MyChart or email at [patientfinservices@valleychildrens.org](mailto:patientfinservices@valleychildrens.org). Patient Financial Services can be reached via phone at **559-353-7009**.

A patient's eligibility for financial assistance shall be determined at any time Valley Children's is in receipt of the patient's financial information. Valley Children's shall not impose time limits for applying for charity care or discounted payments, nor deny eligibility based on the timing of a patient's application.

Financial Assistance eligibility shall remain valid for services rendered within a 180-day period from the date of determination. The financial assessment will include a review of **recent tax return** which document a patient income for the year in which

the patient was first billed or 12 months prior to when the patient was first billed or **recent paystubs** within a 6-month period before or after the patient is first billed by the hospital, or in the case of preservice, when the application is submitted. Valley Children's may accept an optional hardship letter or other forms of documentation of income, but these documents are not required as part of the application. For charity care only, Valley Children's requires a letter showing denial from Medi-Cal, CCS, Medicare or other government programs.

If a patient does not submit an application or documentation of income, Valley Children's may presumptively determine that a patient is eligible for charity care or discounted payment based on information other than that provided by the patient or based on a prior eligibility determination.

If the Financial Assistance Application is completed after collection efforts are in process, Valley Children's will suspend collection efforts until determination is made. Once determination of eligibility is completed, if the patient/guarantor is not approved for financial assistance, collection efforts will resume. If the patient/guarantor is approved for financial assistance, collection efforts will cease.

Upon review of the application, if information is missing, the patient/guarantor will be notified via phone and mail, and the applicant will have 15 days to provide the needed information or collection efforts will continue.

Valley Children's will not deny assistance for failure to provide information not described in the Financial Assistance Policy or Application.

#### **Approval Process:**

The Patient Accounting Director or designee will review all applications to determine eligibility for discount payment options based upon current gross monthly income, family size and/or extent of patient's medical bills as provided on the Financial Assistance Application and supporting documentation. Reasonable efforts will be made to verify financial data. All financial information provided will be considered confidential and staff will respect each circumstance with dignity.

Elective cosmetic procedures are not eligible for financial assistance. Upon request, special consideration may be made by the Vice President of Revenue Cycle and Managed Care or Chief Financial Officer.

Any patient account recommended for financial assistance, after meeting the guidelines set forth in this policy, requires the following approval signature:

\$0 - \$4,999 –Manager, Patient Financial Services & Cash Applications  
\$5,000 - \$9,999 – Director, Patient Accounting  
\$10,000 - \$24,999 – Vice President, Revenue Cycle and Managed Care  
\$25,000 or > – Vice President, Revenue Cycle and Managed Care or Chief Financial Officer

Written notification of determination of eligibility or ineligibility for financial assistance or discount payment options will be forwarded to the applicant by the Patient Accounting Director or designee within 30 days of receipt of the Financial Assistance Application and requested financial documentation.

**Charitable Care:**

Valley Children's will provide charity care to uninsured applicants whose qualifying income is at 200% or less of the unit value(s) established by the Department of Health and Human Services' (HHS) Poverty Guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

**Presumptive Charity:**

Presumptive charity may be considered when all other avenues of payment have been exhausted. Examples of presumptive charity cases may include families that have met the income guidelines and they are currently receiving public housing, WIC program, and/or government family assistance. Presumptive charity may also be considered on a case-by-case basis due to a change in financial status, hardship or other circumstances demonstrating the guarantor has no ability to pay. Amounts given for consideration may be partial or full financial assistance as defined by patient/guarantor's ability to pay and income.

### **Discount Payment Options:**

In addition to charitable care, Valley Children's has established additional discount payment options based upon the financial eligibility of the individual requesting assistance. Patients who qualify for multiple discounts under this policy will be granted a single discount amount resulting in the largest discount to the patient. Discount payment options include uninsured discount, high medical cost discount and prompt pay discounts. Discounted payment options will also be considered for those individuals who receive discounted rates through their insurance or health coverage program. When determining high medical costs, out-of-pocket expenses mean any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as deductibles, coinsurance, copayments or cost sharing, including Medicare copays or Medi-Cal cost sharing.

### **Discounts for Financially Qualified Patients:**

Valley Children's will provide a discount for uninsured patients and patients with high medical costs whose income for the last twelve (12) months does not exceed 400% of the of the unit value(s) established by the Department of Health and Human Services' (HHS) Poverty Guidelines (federal poverty level) updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2). High medical costs are defined as annual out-of-pocket costs that exceed the lesser of ten (10) percent of the patient's current family income or family income in the prior twelve (12) months. Out of pocket costs means any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing. Additionally, Valley Children's may provide a partial discount to insured patients who meet the income qualifications but whose medical costs do not qualify under the established high medical costs thresholds if assistance is needed with out-of-pocket financial obligations. Eligible individuals may not be charged more than **amounts generally billed (AGB)** for emergency or other medically necessary care as required by Treasury Regulation §1.501(r)-1(b)(24)(vii).

Elective cosmetic procedures are not eligible for uninsured discount payments.

Upon request, special consideration may be made by the Vice President, Revenue

Cycle and Managed Care or Chief Financial Officer.

Patients receiving a partial discount may be eligible for interest free patient payment plans as described later in the policy.

Eligible patients' obligation will be reduced to no more than the applicable Medi-Cal rates in effect at date of service. Where Medi-Cal rates cannot be determined, eligible patients will receive a 75% discount from charges. Please see examples below.

**Example #1**

An insured patient has qualified for a discount based upon high medical cost. Patient has an emergency stay with \$10,000 total charges. The patient's third-party insurance paid \$6,000 and has left the patient responsible for a co-pay of \$4,000. If billed, Medi-Cal would have paid \$5,000 for the same services. Under these discount criteria, the patient would not be responsible for the \$4,000 co-pay as the amount paid by the third-party insurance has exceeded the Medi-Cal reimbursement amount.

**Example #2**

Patient has qualified for a discount based upon high medical cost. Patient has an emergency stay with \$10,000 total charges. The patient's third-party insurance paid \$6,000 and has left the patient responsible for a co-pay of \$4,000. If billed, Medi-Cal would have paid \$7,500 for the same services. Under these discount criteria, the patient would only be responsible for the difference between the allowed amount from Medi-Cal (\$7,500) and the amount paid by the third-party insurance (\$6,000) therefore, leaving the patient responsible for \$1,500.

**Prompt Pay Discount:**

Valley Children's will extend a 45% prompt pay discount to those self-pay patients who wish to pay their entire outstanding balance immediately. Insured patients with non-covered services which are deemed medically necessary and wish to pay their outstanding balance immediately will be eligible for a 45% discount upon request. The patient or guarantor must request the 45% discount and make payment in full within 30 days of receipt of insurance payment for non-covered services.

Financial obligations not eligible for prompt pay discounts include co-pays, deductibles, and Medi-Cal share of cost.

Patients requesting patient payment plans may still be eligible for prompt pay discounts with prior approval.

### **Patient Payment Plans:**

Upon request, Valley Children's will negotiate an interest-free, patient payment plan within the following guidelines:

Payment plans for incomes less than 400% of the Federal Poverty Guidelines:

- Valley Children's will make every attempt to negotiate a reasonable payment plan. In the event one cannot be agreed upon, the monthly payment amount will not exceed 10% of the patient family's available income, less essential living expenses.
  - Essential living expenses means expenses for any of the following: rent or house payment 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.
- To help determine monthly payment amounts, patient's guarantor will be required to complete an Essential Living Expenses Statement.
- Health Saving accounts held by patient or patient family may be considered when negotiating payment plans.
- Valley Children's may also require a patient/guarantor to pay the hospital any amount sent directly to the patient by 3rd party payors, including from legal settlement, judgement, or awards.
- In instances where patient families qualify for high medical cost discounts, payment plans may be negotiated under the terms specified in the immediately above.

## **All Other Payment Plans Not Qualifying for Discounted Payments:**

- Outstanding patient balance is to be paid in the most expeditious manner possible with a minimum monthly payment amount of \$25.00.
- An Electronic Fund Transfer (EFT) option is available to patient families. An EFT established exceeding (2) years must be approved by the Vice President, Revenue Cycle and Managed Care or Chief Financial Officer.
- An online payment option is available to patient families at <https://valleychildrens.org>
- Patients with balances less than or equal to \$1,000 must be paid in full within one (1) year of establishment of the payment plan. Exceptions to these criteria must be approved by the Patient Accounting Director, Vice President, Revenue Cycle and Managed Care or Chief Financial Officer.
- Requests for contractual terms exceeding one (1) year must be approved by the Patient Accounting Director unless an EFT is established. Requests exceeding two (2) years must be approved by the Vice President, Revenue Cycle and Managed Care or Chief Financial Officer.
- Patients requesting patient payment plans will not be eligible for prompt pay discounts.

## **Dispute Resolution:**

Valley Children's recognizes that there may be unusual or extenuating circumstances or disputes which may warrant special consideration. In such cases, a description of the unusual circumstances or dispute (written or verbal) should be forwarded to the attention of the Patient Accounting Director.

## **Refunds and Interest Owed by the Hospital:**

Any excess amounts collected on accounts eligible for financial assistance will be reimbursed with interest at the rate of 10% per annum. Such amounts will be processed within thirty (30) days, except that interest will not be paid on payments of \$5.00 or less.

Valley Children's is not required to reimburse a patient if (1) it has been 5 years

or more since the patient's last payment to hospital/debt buyer, or (2) the patient's debt was sold before January 1, 2022, in accordance with the law at that time.

**Billing and Collection Guidelines:**

Valley Children's sends out a minimum of two statements prior to cycling an account to an early out vendor. At the time of billing Valley Children's will provide all financially qualified, uninsured and under-insured patients the same information concerning services and charges provided to all other patients who receive care at the hospital.

When sending a bill to a patient who has not provided proof of coverage by a third party at the time of treatment or discharge, the hospital shall include:

- A statement of charges.
- Request the patient inform the hospital if the patient has insurance coverage, or may be eligible for Medicare, Medi-Cal, or other coverage.
- A Statement that if the patient does not have health insurance coverage, they may be eligible for Medicare, Medi-Cal, California Children's Services Program and discounted or financial assistance.
- A statement that indicates that if the patient meets certain income requirements, the patient may be eligible for a government sponsored program or for financial assistance from the hospital
- Information regarding how patients may obtain applications for government programs from the hospital; and
- A statement that provides the patient with the telephone number of Valley Children's so they may obtain information about the hospital's financial assistance policies for patients and how to apply for such assistance.
- Those persons at Valley Children's making calls regarding the Financial Assistance Program shall use a routine script in their conversations to ensure equitable assistance for all our patients and families.

Patient guarantors must complete a Financial Assistance Application, be in process

with an eligibility application for a government sponsored insurance program or set up a payment plan within 70 days of final bill or the account will be assigned to an early out vendor for third party billing at full self-pay billed charges.

Under the authority of the Chief Financial Officer, Valley Children's will assign any financial obligation to a debt collection agency after 180 days from final bill date where the patient has failed to comply with an established payment plan or for non-payment on an account where the patient guarantor is not in process with an eligibility application for a government sponsored insurance program or is not in the process of applying for Financial Assistance.

Patients with a pending appeal for coverage of services will not be forwarded to a third-party billing agency or collection agency until a final determination of that appeal is made. If the appeal is unfavorable and the patient is responsible for the outstanding obligation, the patient will be afforded the opportunity to qualify for financial assistance or discount payment arrangements as prescribed above.

During debt collection, involving financially qualified, uninsured or underinsured patients who are at or below 400% of the Federal Poverty Level, Valley Children's or any associated third-party billing agency or collection agency will not garnish wages or place liens on any real property as a means of collecting unpaid hospital bills. This provision will not preclude Valley Children's from pursuing reimbursement from third party liability settlements for patients whose injury is a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital.

Valley Children's will not take legal action against uninsured patients that have clearly demonstrated that they do not have sufficient income.

If a patient requires interpretation services, Valley Children's complies with the California Codes Health and Safety Section 1259. Please refer to policy 4.8362.007 for procedures to be followed to receive interpretation assistance.

Should Valley Children's decide to contract with an early out vendor or collection agency, written agreements will ensure full compliance with this policy and all guidelines provided in California Assembly Bill 774, Assembly Bill 1276, Assembly Bill 2297, Senate Bill 1061 and all applicable Federal and State laws including:

- Upon notification by the patient, the agency will return all accounts to Valley Children's that are applying for a government assistance program or may qualify under the Valley Children's Financial Assistance and Financial Assistance Policy.
- Prior to commencing collection activities against a patient, the patient will be provided with a written notice that nonprofit credit counseling services may be available in the area and a plain language summary of the patient's rights pursuant to the Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act.
- Agency shall not report adverse information to a consumer credit reporting agency or commence civil action against the patient for non-payment at any time.
- The account may be sent to an early out vendor on day 71 for collection of the self-pay balance; this is not a bad debt agency; the account will not be sent to bad debt until day 181 after final bill.
- All patient guarantors will be given a 30-day notice prior to their account cycling to bad debt.
- Valley Children's Hospital will define the standards and scope of practices to be used internally and by its outside (non-hospital) collection agencies and will maintain written agreements from such agencies that they will adhere to such standards and scope of practices.
- The collection agency or other assignee will not pursue any extraordinary collections action without the approval of the Vice President, Revenue Cycle and Managed Care or Chief Financial Officer as required by Treasury Regulation §-4(b)(4)(i)(c)
- Patient communications will be provided in English and Spanish and in

languages other than English that may be deemed appropriate to the patient.

**Documentation:**

All documentation will be maintained by Patient Accounting in accordance with regulatory guidelines.

**Other Providers:**

This policy does not apply to professional services provided to Valley Children's patients by physicians or other medical providers including but not limited to Radiology, Anesthesiology, Pathology or Hospitalist services.

Emergency room physicians are covered under the Valley Children's Hospital Financial Assistance Policy. Emergency room physicians providing emergency medical services to Valley Children's patients must provide discounts to uninsured patients or patients with high medical costs and incomes below 400% of the federal poverty level, in accordance with California Law. Valley Children's will notify uninsured patients or patients with high medical costs that discounts are available for services received from an emergency room physician.

A list of providers who are covered and not covered by the Valley Children's Financial Assistance Policy is maintained in a document separate from the Financial Assistance Policy and members of the public may readily obtain the list free of charge, both online and on paper, as required by IRS Notice 2015-46.

The link to the document can be found at the following website

[https://www.valleychildrens.org/sites/default/files/hg\\_features/mercury\\_standard\\_layout/223b1e40a0874dda30cdc5a392becf3b.pdf](https://www.valleychildrens.org/sites/default/files/hg_features/mercury_standard_layout/223b1e40a0874dda30cdc5a392becf3b.pdf) or a paper copy can be obtained by contacting Patient Financial Services at 559-353-7009.

Valley Children's will provide, without discrimination, care for emergency conditions regardless of whether the individual is eligible for Financial Assistance.

Cash collections activity will not be permitted until the patient is stable according to EMTALA guidelines.

**References/ Regulations- Assembly Bill 1276, Assembly Bill 1503 amended AB 774, effective 01/01/11, Assembly Bill 1020, Assembly Bill 2297, Senate Bill 1061**

**Other Related Policies/ Procedures**

**Approval Signatures**

<b>Step Description</b>	<b>Approver</b>	<b>Date</b>
Exec Hospital	Accreditation Coordinator	06/2025
Approval(s)	SVP & CLO	06/2025
Approval(s)	President & CAO	06/2025
Approval(s)	SVP & CFO	06/2025
Approval(s)	VP, Rev Cycle & Mgd Care	06/2025
Content Expert(s)	Dir Pt Acctg	06/2025
Policy Owner	Mgr. Pt Fin Svcs	06/2025

**Standards**

No standards are associated with this document