

SHARON HOSPITAL POLICY AND PROCEDURE	REFERENCE # 007 PAGE 1 of 4
POLICY: Charity Care	DATE ISSUED: 4/12/2002 DATE REVISED: 2/04, 2/06, 2/08, 5/10, 2/11 DATE REVIEWED: 2/06, 2/08, 5/10, 2/11, 6/14, 2/15
MANUAL: Financial Services	
SECTION: Billing	
ATTACHMENTS:	

Purpose: To provide services to residents of the community who are uninsured or underinsured and do not have adequate financial resources to pay for necessary healthcare services provided by the hospital.

Policy: It is the policy of the Hospital to provide a reasonable amount of its services without charge to eligible patients who cannot afford to pay for care.

All services of this facility will be available as uncompensated services. The determination should be made at admission, or as soon as possible, thereafter. Charity is defined as the demonstrated **inability of a patient to pay**, versus bad debt as the unwillingness of the patient to pay. The financial status of each patient should be determined so that an appropriate classification and distinction can be made between charity and bad debt.

Charity care includes services provided to:

- Uninsured patients who do not have the ability to pay based on criteria set.
- Insured patients whose coverage is inadequate to cover a catastrophic situation.
- Emergency patients, because of the hospital's inability to assess a patient's financial situation prior to rendering services.
- Persons whose income is sufficient to pay for basic living costs but not medical care, and also those persons with generally adequate incomes who are suddenly faced with catastrophically large medical bills.
- Patients who demonstrate ability to pay part, but not all of their liability.

Determination of eligibility for uncompensated care will remain valid for 6 months for all necessary hospital services. If there is a change in financial circumstances, an updated or new application must be completed.

The charity care budget will be established once a year during the annual budget process.

Write-offs \$0-2,000 will be approved by the PFS Director. Write-offs over \$2,000 will be approved by the CFO.

PROCEDURE:

- 1 Consider the following factors when determining the amount of charity service for which a patient is eligible at the time of service:
 - 1.1 Patient must reside in the hospital's primary/secondary service area. Out of area applications will be reviewed upon the request of a physician or collection supervisor.
 - 1.2 Gross income generally should fall within Hospital Charity Care Income Guidelines based on federal standards for determination of poverty level with consideration to family size, geographic area, and other pertinent factors.
 - 1.3 Evaluate financial need by reviewing the completed Financial Statement Form.
 - 1.4 Consider the amount(s) and frequency of hospital and other healthcare/medication related bill(s) in relation to all of the factors outlined above.
 - 1.5 **All other applicable resources must be applied first, including third-party payers, Victims of Crime programs and Medicaid.**
 - 1.6 If a patient does not have Medicaid but would qualify, he/she must cooperate with the application process. If the application is denied, consider for uncompensated care.
 - 1.7 If the patient has Medicare but no secondary coverage and income is within the Federal Poverty Guidelines contained in this policy, and updated each April in the Federal Register, ask the patient to apply for Medicaid.
- 2 Determine the appropriate amount of charity service in relation to the amounts due after applying all other resources. A patient who can afford to pay for a portion of the services will be expected to do so. *If the patient does not pay the amount deemed to be his/her responsibility, the uncollectible remainder would become bad debt.*
 - 2.1 If the charity care applicant is the guarantor on immediate family member's accounts and the family members reside in the guarantor's household, those accounts should be included in the charity care application.
- 3 **VERIFICATION** of Income must be provided with the application. Applicants are encouraged to provide multiple forms of income verification. Acceptable verification includes:
 - Prior Year Tax Returns, (or recent bank statement if tax information not available),
 - Current Pay Stubs
 - Written verification of wages from Employer
 - Unemployment Letter

Credit reports may be utilized to evaluate eligibility as well.

- If patient requesting charity does not have a tax return, a signed statement detailing the reason why they don't will be required.
4. Patients within the Federal Poverty Guidelines will automatically be approved on a semi-annual basis. Charity care provisions will be reevaluated for a patient's eligibility when the following occur:
 - Subsequent rendering of services
 - Income change
 - Family size change
 - When any part of the patient's account is written off as a bad debt or is in collections.
 - When six months has passed since the last application or when circumstances change, whichever comes first.
 - 4.1 If patient has Medicaid, they are considered at the federal poverty level and would qualify for 100% charity for current and all past tax years. Upon submission of 1 (one) additional prior year tax return, the patient could be eligible for further consideration of charity.
 5. Determine eligibility for charity service at the time of admission/registration, or as soon as possible thereafter.
 6. Any hospital employee can inform patients about the charity program. Financial counselors or Business Office staff will initiate charity considerations.
 7. Applications for charity care will be reviewed and approved within 15 business days after receipt of complete packet from the applicant.
 8. PFS will retain all records relating to charity care for ten years.
 10. Notify patients in writing, regarding approval, denial or pending of uncompensated/charity care.
 11. Denials may be appealed with supporting documents that prove inability to pay that were not part of the initial consideration.

HOSPITAL CHARITY CARE INCOME GUIDELINES

Methodology: "Sliding Scale Method" with income guidelines as published in the Federal Register each April to determine the dollar amount to be considered as charity care for eligible patients utilizing the following procedure:

Procedure:

Family Size	2015 FPL	Maximum Income
1	\$11,770.00	\$29,425.00
2	\$15,930.00	\$39,825.00
3	\$20,090.00	\$50,225.00
4	\$24,250.00	\$60,625.00
5	\$28,410.00	\$71,025.00
6	\$32,570.00	\$81,425.00
7	\$36,730.00	\$91,825.00
8	\$40,890.00	\$102,225.00
9	\$45,050.00	\$112,625.00
10	\$49,210.00	\$123,025.00
11	\$53,370.00	\$133,425.00
12	\$57,530.00	\$143,825.00

If the patient's annual family income is below or equal to 100% of the Federal Poverty Limits then the patient responsibility is 0%.

If a patient's annual family income is below 250% of the Federal Poverty Limit but above 100% of the Federal Poverty Limit, use the following formula to calculate the percentage of charity write off to which the patient is entitled.

- Determine the annual household income.
- Use the Federal Poverty Limits Guidelines as established annually to determine the eligibility of medically needy individuals.
- Express the annual household income as a percentage of the Federal Poverty Limits.
- Divide the amount derived above by 150 percent. The resulting percentage is the amount the patient is responsibility percentage.
- Multiply the patient responsibility percentage times the unpaid balance to determine the amount owed.
- If the patient responsibility amount determined above is greater than 60% of the annual income amount, then the maximum patient responsibility is 60% of the annual income.
- Subtract the maximum patient responsibility determined above from the unpaid balance on the account. The resulting amount is the charity care write off amount.

Payment arrangements may be established when the patient has out of pocket. If the patient does not honor the payment arrangement or pay his/her share, the amount that did not qualify for charity will be considered bad debt.

SHARON HOSPITAL POLICY AND PROCEDURE	REFERENCE # 003	PAGE 1 of 1
POLICY: Write-Offs- Bad Debt	DATE ISSUED: 4/12/2002	
	DATE REVISED: 11/18/04, 3/29/05	
	DATE REVIEWED: 4/2008	
MANUAL: Financial Services		
SECTION: Billing		
ATTACHMENTS:		

Purpose

To manage accounts receivables in a manner which minimizes bad debt expense while providing proper internal controls.

Policies

1. Sharon Hospital will write off an account when one or more of the following conditions apply:
 - The hospital receives discharge notice for Chapter 7 Bankruptcy
 - The account has reached the end of its collection cycle (120 days), and has been referred to a primary collection agency.
 - Hospital Management considers that all collection efforts have been exhausted.
 - Accounts greater than 180 days will be placed with a secondary collector.
 - Any account that defaults on contract payment arrangements.
 - Mail returns

2. Approvals:
 - The Director of Patient Financial Services or Patient Account Manager will approve all hospital write-offs.
 - Monthly detailed reporting will be maintained by the Director Patient Financial Services.
 - Account will be moved from active AR status to BD status.

3. Payments:
 - Hospital will record and post payments for accounts in bad-debt status as they are received. Such payments will be recorded on a gross basis (prior to the deduction of any collection fee)
 - Hospital will report these payments to the collection agency on a daily work week schedule.

4. Procedures:
 - The assignment of these accounts shall be based on an alpha split or other equitable criteria. This is to ensure proper assignment of accounts for purposes of comparative performance evaluation.
 - Unique mnemonics shall be established for each collection agency. This will ensure proper segregation of agency accounts.
 - Accounts deemed uncollectible should be written off of the active accounts receivable at 120 days based on discharge and service dates
 - Medicare Bad Debt will be referred under separate agency designation to allow the hospital to track Medicare Bad Debt write off and recovery
 - The hospital will maintain a written business agreement with all agencies that outlines operational and contract issues.

Approved by
CFO

Date

Director, PFS

Date