



POLICY and PROCEDURE

Policy Title: Indigent and Charity Care Finance	Policy Number:	FIN-1005
	Manual:	Administration
	Reviewed/Revised:	
	Effective:	3/17/2015

I. PURPOSE

- A. To provide guidance on eligibility criteria for indigent care, charity or partial-pay charity care to patients who may not qualify for State, Federal, County or other assistance and have no reasonable means to pay.

II. SCOPE / COVERAGE

- A. Hospital-Wide

III. DEFINITIONS

- A. For the purpose of this policy, the terms below are defined as follows:

1. **Charity Care:** Healthcare services that have been or will be provided but are never expected to result in cash inflows. Charity care results from a provider's policy to provide healthcare services free or at a discount to individuals who meet the established criteria.
2. **Family:** Using the Census Bureau definition, a group of two or more people who reside together and who are related by birth, marriage, or adoption. According to Internal Revenue Service rules, if the patient claims someone as a dependent on their income tax return, they may be considered a dependent for purposes of the provision of financial assistance.
3. **Family Income:** Monetary assets and income may be considered when determining eligibility under this Charity Care Policy. Monetary assets will not include retirement or deferred-compensation plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans. The first ten thousand dollars (\$10,000.00) of a patient's monetary assets will not be counted in determining eligibility, nor will fifty percent (50%) of a patient's monetary assets over the first ten thousand dollars (\$10,000.00) be counted in determining eligibility. Net worth will be considered including eligible liquid and non-liquid assets owed less liabilities and claims against assets. (Reference AB774, Health & Safety Code § 127405)
4. **Uninsured:** The patient has no level of insurance or third-party assistance to assist with meeting his/her payment obligations.
5. **Underinsured:** The patient has some level of insurance or third-party assistance but still has out-of-pocket expenses that exceed his/her financial abilities.
6. **Indigent Los Angeles County:** Patients who are residents of Los Angeles County who meet specific eligibility protocols established by the County or who meet specific financial criteria.
7. **Indigent Non-Los Angeles County:** Patients who are not residents of Los Angeles County who meet specific financial criteria
8. **Other Indigent Categories:** Patients who have already been qualified for various Los Angeles County approved financial programs, i.e. Ability to Pay (ATP) and My Health LA
9. **Gross charges:** The total charges at MLK-LA's established rates for the provision of patient care services before deductions from revenue are applied.

10. **Emergency medical conditions:** Defined within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395dd).
11. **Medically necessary:** As defined by Medicare (services or items reasonable and necessary for the diagnosis or treatment of illness or injury).

IV. POLICY

A. Martin Luther King, Jr. Community Hospital (MLK-LA) is committed to provide indigent care and charity care to persons who have healthcare needs and are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay, for medically necessary care based on their individual financial situation. Consistent with its mission to deliver compassionate, high quality, affordable healthcare services and to advocate for those who are poor and disenfranchised, MLK-LA strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care. MLK-LA will provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility for financial assistance or for government assistance.

B. Accordingly, this written policy:

1. Includes eligibility criteria for financial assistance – free and discounted (partial charity) care
2. Describes the basis for calculating amounts charged to patients eligible for financial assistance under this policy
3. Describes the method by which patients may apply for financial assistance
4. Describes how the hospital will widely publicize the policy within the community served by the hospital
5. Limits the amounts that the hospital will charge for emergency or other medically necessary care provided to individuals eligible for financial assistance to amount generally received by the hospital for commercially insured or Medicare patients. Charity is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with MLK-LA's procedures for obtaining charity or other forms of payment or financial assistance, and to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance will be encouraged to do so, as a means of assuring access to health care services, for their overall personal health, and for the protection of their individual assets.

C. In order to manage its resources responsibly and to allow MLK-LA to provide the appropriate level of assistance to the greatest number of persons in need, the Board of Directors establishes the following guidelines for the provision of patient charity.

V. PROCEDURE

A. Services Eligible Under This Policy: For purposes of this policy, "charity" or "financial assistance" refers to healthcare services provided by MLK-LA without charge or at a discount to qualifying patients. The following healthcare services are eligible for charity:

1. Emergency medical services provided in an emergency room setting;
2. Services for a condition which, if not promptly treated, would lead to an adverse change in the health status of an individual;
3. Non-elective services provided in response to life-threatening circumstances in a non-emergency room setting; and
4. Medically necessary services, evaluated on a case-by-case basis at MLK-LA's discretion.

B. Eligibility for Charity: Eligibility for charity will be considered for those individuals who are uninsured, underinsured, ineligible for any government health care benefit program, and who are

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unable to pay for their care, based upon a determination of financial need in accordance with this Policy. The granting of charity will be based on an individualized determination of financial need, and will not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation.

- C. Eligibility for Indigent Care:** Eligibility for indigent care will be considered for those individuals who have previously applied for LA County Programs and been denied, i.e. Medi-Cal and Ability to Pay
- D. Method by Which Patients May Apply for Charity Care.**
1. Financial need will be determined in accordance with procedures that involve an individual assessment of financial need; and may
 - a. Include an application process, in which the patient or the patient's guarantor are required to cooperate and supply personal, financial and other information and documentation relevant to making a determination of financial need. Documentation may include, but is not limited to: most recent pay check stub(s), copies of bank statements, and the most recent tax filings.
 - b. Include the use of external publicly available data sources that provide information on a patient's or a patient's guarantor's ability to pay (such as credit scoring);
 - c. Include reasonable efforts by MLK-LA to explore appropriate alternative sources of payment and coverage from public and private payment programs and to assist patients to apply for such programs (including, but not limited to, Medicare, Healthy Families Program, Medi-Cal, coverage offered through the California Health Benefit Exchange, California Children's Services program, other state- or county-funded health coverage);
 - d. Take into account the patient's available assets, and other financial resources available to the patient; and;
 - e. Include a review of the patient's outstanding accounts receivable for prior services rendered and the patient's payment history.
 2. It is preferred but not required that a request for charity and a determination of financial need occur prior to rendering of non-emergent medically necessary services. However, the determination may be done at any point in the collection cycle. The need for financial assistance will be re-evaluated at each subsequent time of services if the last financial evaluation was completed more than a year prior, or at any time additional information relevant to the eligibility of the patient for charity becomes known.
 3. MLK-LA's values of human dignity and stewardship will be reflected in the application process, financial need determination and granting of charity. Requests for charity will be processed promptly and MLK-LA will notify the patient or applicant in writing within 30 days of receipt of a completed application.
 4. Charity determinations will be issued by the following:
 - a) \$0.00 to \$5,000.00 determined by the Patient Access Manager
 - b) \$5,001.00 to \$50,000.00 determined by the Account Executive and/or Director of Revenue Cycle.
 - c) \$50,001.00 and up determined by Chief Financial Officer.
- E. Presumptive Financial Assistance Eligibility:** There are instances when a patient may appear eligible for charity care discounts, but there is no financial assistance form on file due to a lack of supporting documentation. Often there is adequate information provided by the patient or through

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other sources, which could provide sufficient evidence to provide the patient with charity care assistance. In the event there is no evidence to support a patient's eligibility for charity care, MLK-LA could use outside agencies in determining estimate income amounts for the basis of determining charity care eligibility and potential discount amounts. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted is a 100% write-off of the account balance. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

1. State-funded prescription programs;
2. Homeless or received care from a homeless clinic;
3. Participation in Women, Infants and Children programs (WIC);
4. Food stamp eligibility;
5. Subsidized school lunch program eligibility;
6. Eligibility for other state or local assistance programs that are unfunded (e.g., Medicaid spend-down);
7. Low income/subsidized housing is provided as a valid address; and
8. Patient is deceased with no known estate.

F. Eligibility Criteria and Amounts Charged to Patients: Services eligible under this policy will be made available to the patient in accordance with financial need, which is set at 300% Federal Poverty Levels (FPL) in effect at the time of the determination. Once a patient has been determined by MLK-LA to be eligible for financial assistance, that patient will not receive any future bills based on undiscounted gross charges. The basis for the amounts MLK-LA will charge patients qualifying for financial assistance is reflected on Exhibit 1 of this policy.

G. Communication of the Charity Program to Patients and Within the Community: Notification about charity available from MLK-LA, which will include a contact number (800.348.9439), will be disseminated by MLK-LA by various means, which will include, but are not limited to:

1. Patients registered in the Emergency Department or Admitting Office will receive a letter advising the patient that that hospital offers discount, charity, and other payment alternative programs;
2. Outpatient Registration will provide the same letter to patients who have never previously been treated at MLK-LA;
3. By posting notices in various areas including the emergency room, billing office, and outpatient registration areas; and
4. At other public places as MLK-LA may elect. MLK-LA also will publish and widely publicize a summary of this charity care policy on facility websites, in brochures available in-patient access sites and at other places within the community served by the hospital as MLK-LA may elect. Such notices and summary information will be provided in the primary languages spoken by the population serviced by MLK-LA. Referral of patients for charity may be made by any member of MLK-LA's staff or medical staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains, and religious sponsors. A request for charity may be made by the patient or a family member, close friend, or associate of the patient, subject to applicable privacy laws.

H. Providers who render care to indigent and charity care patients: MLK-LA is committed to partner with contracted providers according to the table below:

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FINANCIAL CLASS	Comments / Recommendations:
Pending Indigent	After 90 days, Provider should bill MLK-LA for the services provided and/or according to your agreement with MLK-LA.
Indigent LA Cty	Bill MLK-LA for the services provided and/or according to your agreement with MLK-LA.
Indigent Non-LA Cty	Apply your billing processes for other County specific funding source (information on funding source may be available on Cerner).
Other LA Indigent Categories	Bill MLK-LA for the services provided and/or according to your agreement MLK-LA.
MediCal Pending	Temporary classification. Refer to Cerner system for official acknowledgement. After 90 days, Provider should bill MLK-LA for the services provided and/or according to your agreement with MLK-LA.
Charity	Bill MLK-LA for the services provided and/or according to your agreement MLK-LA.

Instructions on how to appropriately bill MLK-LA will be forwarded to contracted providers upon contract execution by the Medical Staff Department and/or Revenue Cycle Department. Contracted providers will also receive regular communication from the Revenue Cycle Department on updates and/or changes to Financial Classes as well as MLK-LA's procedures.

- I. Relationship to Collection Policies: MLK-LA's management will develop policies and procedures for internal and external collection practices (including actions the hospital may take in the event of non-payment, including collections action and reporting to credit agencies) that take into account the extent to which the patient qualifies for charity, a patient's good faith effort to apply for a governmental program or for charity from MLK-LA, and a patient's good faith effort to comply with his or her payment agreements with MLK-LA. For patients who qualify for charity and who are cooperating in good faith to resolve their discounted hospital bills, MLK-LA may offer extended payment plans, will not send unpaid bills to outside collection agencies, and will cease collection efforts. MLK-LA will not impose extraordinary collections actions such as wage garnishments, liens on primary residences, or other legal actions for any patient without first making reasonable efforts to determine whether that patient is eligible for charity care under this financial assistance policy. Reasonable efforts will include:
 - 1. Validating that the patient owes the unpaid bills and that sources of third-party payment have been identified and billed by the hospital;
 - 2. Documentation that MLK-LA has or has attempted to offer the patient the opportunity to apply for charity care pursuant to this policy and that the patient has not complied with the hospital's application requirements;
 - 3. Documentation that the patient does not qualify for financial assistance on a presumptive basis;
 - 4. Documentation that the patient has been offered a payment plan but has not honored the terms of that plan.

- J. **Regulatory Requirements:** In implementing this Policy, MLK-LA management and facilities will comply with other federal, state, and local laws, rules, and regulations that may apply to activities conducted pursuant to this Policy.

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- K. A monthly charity care report summary, with supporting individual documentation, will be signed off by the Director of Revenue Cycle and Chief Financial Officer. Upon completion of signatures, the report will be forwarded to the Finance Department. Business Services will retain the summary report and supporting documentation for seven (7) years.

VI. PROCEDURE

- A. Patients who do not have insurance are registered by the Patient Access Department as Pending Indigent. This assignment will ensure that the Patient Access department works toward securing a funding source, if possible.
- B. The Patient Financial Services Department (PFS) runs a file every Wednesday on all uninsured and Pending Indigent accounts through a presumptive charity scoring partner.
- C. If the patient qualifies with a score of 100%, a file is sent to Patient Access Department to update the Financial Class to Indigent LA County or Indigent Non-LA County.
- D. Once the financial class is updated by Patient Access Department, the Patient Financial Services Department adjusts the accounts based on the financial class.
 - 1. The patient's account receives a 91% adjustment (Contractual Code 5010) and a 9% to appropriate Adjustment code (Indigent LA County 3005 or Indigent Non-LA County 3015)
- E. Since the financial class and payor codes change on a regular basis, it is important to verify them prior to submitting claims.

VII. WORKPLACE SAFETY

N/A

VIII. REFERENCES

California Health & Safety Code § 127400 – 127446
Patient Protection and Affordable Care Act (PPACA)

Exhibit 1

Federal Poverty Levels – 300%*

Size of Family Unit*	Poverty Guidelines*
1 person	\$ 35,310
2 persons	47,790
3 persons	60,270
4 persons	72,750
5 persons	85,230
6 persons	97,710
Each additional person \$12,480 per person	

*The above annual income levels are based on 300% of the published Federal Poverty Guidelines, which appeared in the Federal Register and are effective January 22, 2015. The Size of Family Unit includes the patient and any dependents who reside with the patient, as well as any dependents for which the patient has a legal financial obligation (i.e., child support).

These levels are subject to change based on the release of new levels/guidelines.