

COQUILLE VALLEY HOSPITAL POLICIES AND PROCEDURES

DEPARTMENT: Management and Administrative Services

SUBHEADING: Finance (200) **ORIGINAL DATE:** 2/23/05

SUBJECT: Financial Assistance/Services **REVISED DATE (S):**

POLICY NUMBER: 207

OBJECTIVE:

To establish guidelines for patient account representatives to use in determining whether, how much, and under what set of corresponding patient requirements/ conditions to offer financial assistance to under- or un-insured, medically needy patients in the form of “so-called” charity care discounts/“write offs”/allowances (from billed charges).

POLICY:

This policy includes the application of objective criteria specifically created to establish boundary guidelines for determining both whether a charitable consideration is granted and the magnitude of that consideration. The underlying purposes of the policy are to:

- provide a method/pathway for needy patients to obtain some measure of truly necessary relief from the economic consequences of medically necessary care,
- reduce arbitrariness and variability in the determination of relief for eligible patients,
- provide structural guideline “tools” to enable staff to be effective and successful in serving patients,
- at the same time, assure that the hospital’s resources are appropriately managed and not overwhelmed by the provision of charitable allowances.

Implementation of this policy also brings with it the need to assess the financial impact of the amount of “charitable care” provided under the policy on an on-going, real-time basis, to the end that genuinely needy patients are able to receive a reasonable, responsible level of economic assistance/relief from the cost of necessary care, while at the same time, assuring that the provision of such allowances does not undercut or erode the hospital’s financial underpinnings and, consequently, its ability to provide care and service to the residents of the communities it serves on an on-going basis . These guidelines should, therefore, be considered provisional and may be amended or adjusted in keeping with changes in the hospital’s financial position, financial requirements and prudent financial planning considerations.

Specific Limitations: In order to preserve, protect and maintain accountability to the residents of the of the District and broader communities we serve and to assure the hospital maintains the capacity to continue to provide care to its communities, Coquille Valley Hospital will initially cap its charitable allowance at ten percent (10%) of the prior

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fiscal year's Excess of Revenues over Expenses (Net Income), applied on a prorate, monthly basis, with carry-forward of the unencumbered balance, as appropriate.

Coquille Valley Hospital voluntarily assists persons with financial need by discounting part of the charges for services provided by the Hospital provided that the patient/responsible party meets, agrees to and adheres to certain requirements and conditions as specified herein.

PROCEDURE:

A. Eligibility Criteria

1. Coquille Valley Hospital voluntarily assists persons with financial need by discounting part of the charges for services provided by the Hospital provided that the patient/responsible party meets, agrees to and adheres to certain requirements and conditions as specified herein.
2. Business Office personnel are available to help patients identify financial options or assistance programs.
3. Financial assistance will be secondary to all other financial resources available to the patient, including insurance, government programs, third-party liability and personal/family assets.
4. Financial assistance usually will not be provided to a responsible party with gross family income at or above 200 percent of the Federal Poverty Guidelines
5. (a.) A sliding-fee scale will be used to determine financial assistance "discounts" when gross family income is below 200 percent of Federal Poverty Guidelines. (See attached tables of sliding scale "Discounts **[By Family Size]**."

(b.) For purposes of this policy, it is assumed that persons with gross family incomes below (less than) one hundred (100%) of Federal poverty guidelines are/will be eligible for public assistance, including Medicaid and, therefore, will not need to have their care subsidized directly by the Hospital.
6. Notification of financial assistance determinations will be mailed to the responsible party. Reasonable payment arrangements consistent with the responsible party's ability to pay will be extended, but will need to be arranged and agreed upon for amounts owed, or, financial assistance will not be provided. Moreover, the agreed upon payment schedule will need to be maintained as a condition/requirement of receiving assistance under this policy. If the payment schedule is not consistently met then the amount of assistance ("discount") is withdrawn and the account reverts to its original full balance less payments received to date and is immediately due and payable.

B. Eligibility Determinations

1. In keeping with the provisions of EMTALA, the provision of medically necessary, emergency (life or limb threatening) healthcare will not knowingly be delayed pending an assistance determination.
2. Requests for financial assistance may be made at any point before, during, or after the provision of care, except as noted in #1 above.
3. Requests for financial assistance may be proposed by sources other than the patient, such as the patient's physician, case management, family members, community or religious groups, social services, or hospital personnel.
4. Anyone wishing to make application for financial assistance with Coquille Valley Hospital will be given a Financial Assistance Application package, which includes instructions on how to apply.
5. Consideration for financial assistance will begin when the applicant supplies a completed Financial Assistance Application with all necessary supporting documents, including a release, to the Coquille Valley Hospital Business Office.
6. Coquille Valley Hospital will make every effort to make an assistance determination within 20 days of receiving a completed Financial Assistance Application package. (Including required supporting documents.)
7. Consideration for assistance includes a review of the responsible party's annual household income, accumulated savings, assets, credit history, existing debt, number of people in the home, and other indicators of the party's ability to pay. These are merely guidelines; each individual situation should be reviewed independently. Allowances may be made for extenuating circumstances.
8. Acceptable verification of income includes the following: the most current 90 days' of payroll stubs; a copy of the most current year's IRS tax return (with W-2); verification of social Security or unemployment benefits. In the absence of income, a legal affidavit of support from individuals providing for the patient's basic living needs may be accepted.
9. The Coquille Valley Hospital will keep all applications and supporting documentation confidential. The Coquille Valley Hospital may, at its own expense, request a credit report to further verify the information on the application. Incomplete applications will be denied and returned with a statement of what information is needed and how to re-apply.

10. Financial assistance may be denied if the application is not completed and returned to the Coquille Valley Hospital within 20 days of being provided by mail or hand delivered to the responsible party.
11. Financial assistance will not be considered without a completed Financial Assistance Application package, unless sufficient information can be obtained to the full satisfaction of the Hospital that allows for a determination to be made. In extenuating circumstances, where it can support a financial hardship exists, Coquille Valley Hospital may offer financial assistance at its own discretion. Such a determination requires approval by the CEO/Administrator.
12. Financial assistance is not granted for some procedures, such as elective or cosmetic surgery, or, some special situations, such as that of an individual who is eligible for insurance, but has refused to apply, or, is eligible for public assistance (Medicaid or Medicare), but who has neglected to apply. The Financial Services Director should be consulted in these special situations.

C. Appeals

The responsible party may appeal a financial assistance determination in writing and by providing additional information, such as income verification or an explanation of extenuating circumstances, to the Financial Services Director within 30 days of receiving notification. The Financial Services Director will review all appeals. The responsible party will be notified of the appeal outcome. Collection follow-up on accounts will be suspended during the appeal process.

D. Rationale, Philosophy and Principles

Coquille Valley Hospital (CVH) is a Health District, one of several categories of special district established and organized under Oregon state statutes and which are accorded some measure of (local) governmental authority by the registered voters within the geographic boundaries of the District. This authority generally includes the capacity to levy property taxes within strictly prescribed limits. (Other examples of special districts might include irrigation districts or airport districts, for instance.) As a special district, CVH is also a “public” entity (as distinguished from a private entity) and, as such, must comply with certain requirements applying to it with respect to governance and as otherwise specified by statute. This status does not, however, require the hospital to provide a specific amount of care at little or no corresponding charge, nor does it provide the hospital financial resources sufficient to provide “free care” to its population “at risk” for services.

Also, as a public entity, CVH is effectively “owned” by the residents living within the geographic boundaries of the District (as opposed to being owned by one or more private individuals, proprietors, or, one or more stockholders). In effect, the “stockholders” of Coquille Valley Hospital are the residents of the District and, in

an even broader sense, the residents of the Coquille River Valley communities the hospital serves.

Moreover, in Oregon, Hospital Districts are incorporated as municipalities (cities) and also typically meet the requirements of the federal government to be designated as non-profit entities under section 501.c.3 of the Internal Revenue Code. In summary then, **Coquille Valley Hospital is a 501.c.3, non-profit, tax-exempt, municipal, “public” corporation, organized as a Health District, with limited authority to levy taxes consistent with state and federal laws and regulations.**

The reason/rationale that justifies this status is that, as a hospital/health district, CVH exists to meet a public purpose; namely, to care for/safeguard the health (hospital) and safety needs of the residents of the communities it serves, especially the residents residing within the geographic boundaries of its District.

Now, although Coquille Valley Hospital is a 501.c.3, tax-exempt, non-profit organization that exists for a public purpose, it is also a business enterprise. Specifically, Coquille Valley Hospital is NOT supported in any significant way by charitable contributions. Charitable contributions represented less than 0.25% (one quarter of one percent) of the hospital’s annual revenues for its most recent fiscal year (FYE June 30, 2004). Moreover, even its tax-derived revenues - which totaled \$479,000 for the most recent fiscal year - as important as those were, represented only 4.1% of total revenues and contributed to supporting a mere 5.3% of the hospital’s total expenses. In point of fact, approximately 95% of the hospital’s revenues (by far and away the overwhelming majority) and, therefore, **95% of the source of funds to pay for the expenses (costs) the hospital incurs as a direct consequence of providing patient care are provided from the hospital’s business operations.** And, just like any other business enterprise – be it Safeway, Frazier’s, Coquille Produce, Les Schwab, or Verger Chrysler-Plymouth - if we were to cease acting as a business enterprise, we would cease to exist.

The sum and substance of all this is that Coquille Valley Hospital needs to carefully manage all of its resources. Indeed, because we are a “public” entity, the argument can be made that we have an even higher degree of accountability than a private business enterprise to judiciously manage our resources. Failure to do so would endanger our ability to continue to be present, to be available and accessible, and appropriately positioned with the manpower, equipment and facilities enabling us to provide a quality product and service (health/hospital care) to our patients, the residents of the communities we serve. Indeed, in order to continue to fulfill our public purpose by serving the residents of our communities, now and on into the future, we need to remain financially viable. And, to remain financially viable, we need to carefully manage all of our resources, our sources of revenue and our expenses, including those we “write-off” or discount by policy to the medically needy.

If the world were the way we would have designed it, we would be able to provide health/hospital care to anyone who needed it, irrespective of their ability

to pay. Unfortunately, the world is not that way and, in order to assure that we continue to be available with the skilled people, the necessary supplies and materials, the right equipment, in adequate facilities, at the right time, we have to manage our resources and operate on a basis that allows us to remain financially viable.

Finally, unlike a private, for-profit corporation, financial viability for us is not an end in itself; rather, it is a means to an end, a necessary pre-condition to positioning us to continue to be able to meet the health/hospital care needs of the communities we serve. That means, we need to have enough (minimally sufficient) left over from operations to cover our expenses and a reasonable, minimum, rate of return to re-invest in current medical technology, equipment trained, competent staff and facilities. Would you settle for less for someone you love? For those reasons, it also means that we have to manage the amount of care we provide that is under or non-reimbursed. Unfortunately, we cannot give it all away, as much as we would like to. Doing so would be an abrogation of our responsibility to the 85% ± of our patients who, one way or another, manage to pay for the care they receive.

APPROVALS:

Department Head

Date

Administrator

Date

Medical Staff

Date

Chairman, Board of Directors

Date