

<b>Work Instruction</b>	Document Number <b>W09050</b>	Revision <b>E</b>
	File: Cascade Healthcare Community 2005.doc	
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**Financial Assistance and Charity Care Policy – Cascade Healthcare Community**

**PURPOSE/SCOPE:** To help Patient Accounts team members determine who is eligible for free care and know the steps for processing free care request. Also to capture uncompensated care for CHC for services not captured in Affinity billing system.

**REFERENCE DOCUMENT:**

Financial Assistance Program Application F21470 (English) F21471 (Spanish)  
Uncompensated Care Form F21638

**DEFINITIONS:**

**Adjusted After Tax Income:** A family's adjusted net income is the amount of income after taxes less business expenses for self employed; monthly amounts paid for medication; other healthcare bills; child support; childcare; disability care; elderly care and health insurance premiums. Rent paid by roommates should be counted as income. Garnishments can be subtracted from net income if the garnishment is for any of the items listed above.

**Child Support:** Money paid for support of a child that is not living in the guarantor's house.

**Child Care:** Money paid to provide day care for children.

**REQUIREMENTS:** None.

**INSTRUCTIONS:**

**Development of Income Guidelines:** CHC will utilize the current year's Federal Poverty Guidelines as our income guideline. It will be calculated at 200% of the poverty guideline to determine if the patient qualifies for our financial assistance program. We will also implement a sliding scale. See below.

Income – Eligibility for free or reduced cost care is based upon a family's Adjusted after tax income.

**Example:**

Income:

After tax income	\$1,000
Rent paid by room mate	<u>\$300</u>
Adjusted after tax income:	\$1,300

Expenses:

Elderly or disability care expense	\$100
Business expense	\$100

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Child support	\$100
Child care	\$100
Monthly medication expense	\$100
Monthly healthcare bills	\$100
Monthly health insurance premium	<u>\$100</u>
Adjusted after tax income	\$700

**The adjusted Net Income amounts for 2005 are:**

Size of Family	Adjusted Monthly Income	Adjusted Annual Income
1	\$1,596	\$19,140
2	\$2,138	\$25,660
3	\$2,682	\$32,180
4	\$3,225	\$38,700
5	\$3,768	\$45,220
6	\$4,312	\$51,740
7	\$4,855	\$58,260
8	\$5,398	\$64,780

For family units of more than 8 members, add \$3,260 per year for each additional member.

Sliding Scale guidelines based on Federal Poverty Guidelines listed above:

250%	75% free care
300%	50% free care
350%	25% free care
400% or greater	--not eligible for free care

Students: Students income opportunities and expenses vary enough from non-students to warrant an approach to determining their inability to pay their bill. Patient Account Representatives will utilize the Financial Assistance Application form to obtain a projection of income and expenses for the next year. Patient Accounts Team Leader will review that information to determine the student's ability to pay the balance of their account. Five years from the date of service is the maximum amount of time that a student will be required to pay on their bill regardless of when they are able to start their payments.

**How to Determine If a Patient Should Be Considered For Free Care**

It is preferable to identify a person's qualifications for free or reduced cost care as soon as possible. An application for financial arrangements should be taken and evaluated if the patient is requesting payments over twelve months. Basic financial information (net income, number of people in household and monthly expenses) should be obtained over

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the phone and be in the patient financial record for any payment arrangements made over six months. Criteria must allow for recognizing the impact of events which occur during the hospital stay or thereafter which may render the person unable to pay.

All possible sources for payment must be exhausted before free care is considered. Patient Account team members should assess the probability of a patient being able to clear a balance prior to setting up payment arrangements. The Patient Account team member should obtain additional information if the balance and/or employment history of the patient indicates that they may not be able to pay the balance. These patients may qualify for a longer interest free payment period or even free or reduced cost care.

Accounts for patients who meet the income guidelines for free care, but could pay their account if they reduced their expenses or utilized their assets to pay off their account, should be brought to the attention of the Patient Accounts Team leader for further review.

**Settlement offers from attorney:** The patient or the patient's attorney should complete a Financial Assistance Application if the settlement is not sufficient to pay for the medical bills. Information from the Financial Assistance Application will be used to determine if free or reduced cost care is applicable.

**Partial Free Care:** Five years is the maximum amount of time that patients will be required to make payments on an account. The difference between the balance on the account and what the patient can pay within the five years should be written off at the time the initial payment arrangements are made unless the patient's financial situation is due to improve within the five year time frame. The patient's assets, expenses and liabilities will be evaluated to determine the maximum amount of money they can pay per month. HealthFirst should be utilized to finance the remaining balance.

**Things to Consider When Reviewing a Financial Assistance Application for Potential Free Care:**

Have patient or guarantor complete and sign a Financial Assistance Application. Financial Applications are valid for up to one year as long as there is no reason to believe that the guarantor's financial condition has changed.

**FAMILY SIZE:** Review this in relation to income. Determine if there are working dependents adding to the support of the household. The amount paid in child support is subtracted from the guarantor's net income (See 6. A) but the child is not counted as a dependent.

**Deceased patients:** A Financial Assistance Application should be sent to the executor of the estate for documentation of financial resources.

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### **Documentation and Approval Process**

The following information should be documented in the Patient Account Notes:

- Adjusted Monthly Net Income
- Number of People in Household
- Source of Income
- List \$ amount from Free Care Work Instruction that makes guarantor eligible for free care.

File the Financial Assistance Application in the correspondence file.

All requests for Free or Reduced Cost Care should be approved or denied by a Patient Account Representative within thirty (30) days from the receipt of financial information. Any Free or Reduced Cost Care over \$10,000 must be approved by Patient Account Representative Supervisor/Coordinator or Patient Account Team Leader.

If there is a determination of Free or Reduced Cost Care, the account should be adjusted accordingly and a letter should be sent to the person advising him of the action as soon as possible.

The Patient Accounts Team Leader (or designee) reviews free care write-offs on a periodic basis to ensure that the policy is being applied correctly.

### **Uncompensated Care for services not captured in Affinity billing system**

Departments will utilize the Uncompensated Care form to capture data for services that are provided or paid for by the individual departments. These services can include but are not limited to taxi fares, medications, food vouchers, cash, hotel accomodations. These services will be charged to Natural Class 6666 through the normal process (i.e. check request or petty cash).

### **Instructions on how to complete Uncompensated Care form**

The caregiver that approves services will complete all fields on this form including description of services and reason for paying for it. The form will then be sent to the Team Leader of Patient Accounts/Registration to log on spreadsheet on either a daily, weekly, or monthly basis. The data collected will be reported to the Uncompensated Care Steering Committee on a quarterly basis by the Team Leader of Patient Accounts/Registration.

The approval levels for these services are as follows:

- \$0 to \$50.00—caregiver approval
- \$51 to \$1499—Leader/Manager or designee approval
- \$1500 and over—CFO approval

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### QUALITY RECORD

Quality Record	Location Kept	Filing Order	Duration Kept	Disposition	Comments
Application For Budget Arrangement	Correspondence File	By year, by patient's last name	10 years		Kept on sight for at least two years

### CHANGE HISTORY

Date	Revision	Comments
10/19/99	A	Initial release
1/2/01	B	Added childcare as an adjustment to net income, separate guidelines for students, Changed the evaluation of expenses, assets and liability sections. Added automatic 2.5% increase in Adjusted after tax income guidelines for years two and three. Added elderly and disability care section. Updated definition of adjusted after tax income to include "after business expenses for self employed." The income guidelines were not updated by 2.5% in 2000 so they were increased by 5% in 2001.
1/11/01	Ad1	Received B from David
1/31/01	B	Released
8/22/02	Bd1	Received from Cathy Hendricks
9/3/02	C	Released
2/13/03	D	Income guidelines adjusted effective 01-01-03
2/16/04	E	Received from Tami Endicott; sent on approval route