



## **BENNETT COUNTY HOSPITAL AND NURSING HOME**

SERVING THE BENNETT COUNTY COMMUNITY'S HEALTHCARE NEEDS

PO Box 70-D MARTIN, SOUTH DAKOTA 57551

Telephone (605) 685-6622 Fax (605) 685-6915

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### **BUSINESS OFFICE POLICIES**

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Original: December 2009

Revised: December 2017

**Policy Name:** Charity Care

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#### **POLICY STATEMENT:**

The purpose of this policy is to state specifically how Bennett County Hospital, Nursing Home and Rural Health Clinic (BCH, NH&RHC) views financial assistance, charity care, how requests for charity care will be addressed, and to ensure that BCH, NH&RHC follows and applies uniform billing practices.

Patients who are without health insurance, or otherwise show a demonstrated inability to pay for healthcare services received, may qualify for various financial assistance programs. Providing qualified patients with financial assistance for healthcare needs is an essential element of fulfilling the BCH, NH&RHC mission.

#### **POLICY GUIDELINES:**

1. BCH, NH&RHC is committed to providing charity care to person who have healthcare needs and are uninsured, underinsured, ineligible for government programs or otherwise unable to pay for medically necessary care based on their individual financial situation. Consistent with its mission to make a positive impact in the lives and health of persons and communities by providing quality services. BCH, NH&RHC strives to ensure that the financial capacity of people who need health services does not prevent them from seeking or receiving care.
2. Charity care is not a substitute for personal responsibility. Patients are expected to cooperate with BCH, NH&RHC's procedures for obtaining charity care or other forms of financial assistance and to contribute to the cost of their care based on their ability to pay. Individuals and/or families with financial capacity to purchase health care services, for their overall personal health, are responsible for payment of those services and for the protection of their individual and/or family assets.
3. BCH, NH&RHC shall maintain an open-door policy to provide Emergency and Medically Necessary Medical Care to the community. No limitation or situation for rendering care will be based on the patient's ability to pay. However, admission to the nursing home may be denied or delayed based on a resident's ability to pay. Nursing home residents are not eligible for charity care.
4. This policy is specifically targeted at low-income, uninsured and underinsured patients who meet certain eligibility requirement and is not intended to be applied to insured or self-insured patients who have the means to accept the responsibility for their incurred charges.
5. BCH, NH&RHC recognizes that certain state and/or federal laws require it to make good-faith efforts to collect all accounts and as such, collection agency services will be utilized in accordance with the standard business industry practice.
6. Additionally, BCH, NH&RHC recognizes that certain state and/or federal laws do not allow discounts to all patients and as such, BCH, NH&RHC will only consider discounts on a case-by-case basis as requested by the patient or his or her legal representative or guardian. BCH, NH&RHC also recognizes that laws may prevent it from discounting or waiving certain co-pays and deductibles.
7. Any Patient can complete an application and apply for financial assistance. Financial assistance can include full or partial charity adjustments, Medicaid and other state and county assistance programs. The financial assistance program is designed to meet all Federal and State requirements

8. BCH, NH&RHC has the discretion to weigh any extenuating circumstances when determining eligibility for financial assistance and when determining discount levels.

## DEFINITIONS

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

- 1) **Bad Debt** is defined as those amounts that are uncollectible and do not meet the charity care services eligibility criteria. Bad Debt is the result of unsuccessful collection efforts on accounts of patients unwilling to pay. BCH, NH&RHC will use all methods legally available to collect on accounts of patients who have the means, yet are unwilling to pay. Any discounts and write offs due to bad debt shall not count as charity care.
- 2) **Charity Care:** 100% free medical care for Emergency or Medically Necessary Services provided by BCH, NH&RHC. Patients who are uninsured or underinsured for a medically necessary service who are ineligible for governmental or other coverage and who have family income not in excess of 100% of the Federal Poverty Guidelines (FPG) will be eligible to receive 100% charity care based on their financial assistance application. BCH, NH & RHC will determine a patient's eligibility each time a request for a charity care discounts is requested by a patient.
- 3) **Financially Indigent:** Uninsured or underinsured patients who are provided care with no obligation or a discounted obligation to pay for the services rendered.
- 4) **Indigent by Design:** Patients who were offered health insurance and chose not to participate in the employer's health plan may be eligible for Partial Charity Care. BCH, NH & RHC will work with such patients to arrive at a payment schedule acceptable to both parties on the remaining balance. BCH, NH & RHC will use all methods legally available to collect on accounts of patients who are deemed indigent by design.
- 5) **Medically Indigent:** Patients who's medical or hospital bills, after payment by third-party payers, exceed the financial resources available to the patient. The patient who incurs catastrophic medical expenses is classified as medically indigent when payment would require liquidation of assets critical to living or would cause undue financial hardship to the family support system. In addition, medically indigent shall also include catastrophic medical expenses of patients where after payment by third-party payers, the residual amount exceeds the financial resources available to the patient.
- 6) **Medically Necessary:** Health care services or products that a prudent physician would provide to a patient for the purpose of preventing, diagnosing or treating an illness, injury, disease or its symptoms in a manner that is: (a) in accordance with generally accepted standards of medical practice; (b) clinically appropriate in terms of type, frequency, extent, sit and duration; and (c) not primarily for the convenience of the patient, physician or other health care provider. BCH, NH & RHC will grant financial assistance for medically necessary services to individuals who supply a completed financial assistance application and meet the required criteria.
- 7) **Partial Charity Care:** Care at a discounted rate for Emergency or Medically Necessary services provided by BCH, NH&RHC. The following Partial Charity Care discounts are available to patients:
  - a. Patients who are uninsured or underinsured for a medically necessary service and who have family income in excess of 100% but not more than 200% of the FPG are eligible to receive Partial Charity Care in the form of a discount of 75% off the net inpatient, outpatient and/or clinic charges.
  - b. Patients who are uninsured or underinsured for a medically necessary service and who have family income in excess of 200% but not more than 300% of the FPG are eligible to receive Partial Charity Care in the form of a discount of 50% off the net inpatient, outpatient and/or clinic charges.

Authorized Patient Financial Advocates, Patient Financial Services and Senior Staff may grant a larger discretionary discount based on the circumstances of each specific situation.

- 8) **Patient-Household:** those who are responsible for payments for self or dependents. This may not be limited to those living directly at a single resident and may encompass any dependent relationship such as a child or dependent at college in a different town. This may also encompass

other dependents living at the same residence such as dependent relatives living within the household.

- 9) **Presumptive Charity Care:** A determination that a patient is presumed eligible for Charity Care when adequate information is provided by the patient or through other sources which allow BCH, NH&RHC to determine that the patient qualifies for Charity Care.

## ELIGIBILITY

1. BCH, NH&RHC will adhere to a Sliding Fee Percentage Category to determine eligibility for Charity Care and Partial Charity Care. The methodology shall consider whether health care services meet Emergency or Medical Necessity criteria, as well as income and family size to pay for care. In addition, nursing home residents are not eligible to receive charity care.
2. Uninsured and underinsured patients whose income/family income does not exceed 100% of the current FPG will be granted 100% forgiveness for their charges for emergent or medically necessary care.
3. The following Partial Charity Care discounts are available to patients:
  - a. Patients who are uninsured or underinsured for a medically necessary service and who have family income in excess of 100% but not more than 200% of the FPG are eligible to receive Partial Charity Care in the form of a discount of 75% off the net inpatient, outpatient and/or clinic charges.
  - b. Patients who are uninsured or underinsured for a medically necessary service and who have family income in excess of 200% but not more than 300% of the FPG are eligible to receive Partial Charity Care in the form of a discount of 50% off the net inpatient, outpatient and/or clinic charges.
4. Uninsured, underinsured, and indigent by design patients whose income/family income is greater than 300% of the FPG may be eligible for discounted care based on their particular circumstances. Such discounts are at the discretion of BCH, NH&RHC and will not be counted as charity care.
5. Eligibility for Charity Care and Partial Charity Care will extend for up to 180 days from the date of eligibility is determined, but can be re-examined at any time new information is available. The 180-day period is contingent upon the patient working in good faith with BCH, NH & RHC on all payment sources.
6. Circumstances that may disqualify a patient for Charity Care are:
  - a. Fraud (providing false information on the Financial Assistance Application & Patient Financial Information Form)
  - b. Patient or legal representative/guardian unresponsive to request for information
  - c. Refusal to fully complete Financial Assistance Application & Patient Financial Information Form
  - d. Refusal to provide requested documentation of income
  - e. Refusal to cooperate with the Charity Care Policy
  - f. Refusal to cooperate with any reasonable payment arrangements.

## CALCULATION METHODOLOGY

1. A patient's income and family size will be evaluated before determination regarding Charity Care or Partial Charity Care is made. BCH, NH&RHC shall consider the income of the patient, as well as other persons having legal responsibility to provide for the patient (e.g. parent of a minor, spouse)
  - a. If, in the course of evaluating the patient's financial circumstances, it is determined by BCH, NH&RHC that the patient may qualify for Federal, State or Local programs or insurance coverage, financial counseling will be provided to assist patients in applying for available coverage.  
**Charity Care and Partial Charity Care will be denied to patients/guarantors who do not cooperate fully in applying for available coverage.**

- b. Patients with Healthcare Reinsurance or Medical Savings Accounts are insurance for purposes of this policy and the amount on deposit will be considered as an available resource toward payment for services.
  - c. If a patient has a claim, or potential claim, against a third party from which the hospital's bill may be paid, the hospital will defer its Charity Care determination pending disposition of the third-party claim.
2. BCH, NH & RHC will use the criteria described within the ELIGIBILITY section of this policy for determining Charity Care and Financial Assistance Applications and apply the applicable discount to patient's bill.
  3. Patients/Guarantors shall be notified in writing when BCH, NH & RHC makes a determination concerning Charity Care or Partial Charity Care
  4. All information obtained from patients and guarantors shall be treated as confidential to the extent required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and any other applicable federal, state or local privacy laws.
    - a. Applications and supporting documentation should not be stored in the patient's paper or electronic record. BCH, NH & RHC will scan documentation with the receipt batch in which the adjustment is taken and paper copies filed with that dates receipts.

### **PRESUMPTIVE CHARITY CARE**

1. Presumptive Charity Care is a tool of last resort and applies only after all other avenues have been exhausted. There are occasions when a patient may appear eligible for a Charity Care discount, but there is no financial assistance form on file because documentation was lacking that would support the provision of financial aid. Such instances have resulted in a patient's bill being assigned to a collection agency and ultimately recognized in the accounting records as a bad debt expense, due to a lack of payment. This approach, however, results neither in a fair solution for the patient nor in an appropriate accounting of the transaction. Often there is adequate information provided by the patient or through other sources, which could provide BCH, NH & RHC with sufficient evidence to provide the patient with a Charity Care discount, without needing to determine eligibility for medical indigence. This presumptive eligibility, when properly documented internally by BCH, NH & RHC staff, is sufficient to provide a Charity Care discount to patients who qualify. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted to the patient by BCH, NH & RHC is a 100% write-off of the account balance.
2. Some patients are presumed to be eligible for Charity Care discounts on the basis of individual life circumstances (e.g. homelessness, patients who have no income, patients who have qualified for other financial assistance programs such as food stamps or WIC). BCH, NH & RHC shall grant only 100% Charity Care discounts to patients determined to have presumptive Charity Care eligibility. BCH, NH & RHC shall internally document any and all recommendations to provide presumptive Charity Care discounts from patients and other sources such as physicians, community or religious groups, internal or external social services or financial counseling personnel.
3. To determine whether a qualifying event under presumptive eligibility applies, the patient/guarantor shall provide a copy of the applicable documentation that is dated within 30 days from the date of service.
4. For instances in which a patient is not able to complete an application for financial assistance, BCH, NH & RHC may grant a 100% Charity Care discount without a formal request, based on presumptive circumstances, approved by the board of directors.
5. The determination of presumptive eligibility for 100% charity care discount shall be made by BCH, NH & RHC on the basis of patient/guarantor income, not solely based on the income of the affected patient.
6. If a patient is determined to be presumptively eligible a full 100% discount must be granted.
7. Individuals may not be required to complete additional forms or provide additional information if they already have qualified for programs that, by their nature are operated to benefit individuals

without sufficient resources to pay for treatment. Rather, services provided to such individuals may be considered Charity Care and shall be considered as qualifying such patients on the basis of presumptive eligibility.

8. BCH, NH & RHC entities may also use a Presumptive Charity Process that includes the scoring of patient accounts via a third-party vendor. For patient accounts that score out as charity eligible, BCH, NH & RHC will grant 100% charity and notify the patient of their decision via mail. Payments previously made on presumptive accounts will not be refunded to the patient.

## **COLLECTION PRACTICES**

1. BCH, NH & RHC has an established Collection Policy. BCH, NH & RHC follows the Collection Policy with respect to all payment options related to patient balances.

## **LIMITATIONS ON CHARGES**

1. BCH, NH & RHC recognizes that Medicare regulations require uniform Hospital “charges” for cost reporting purposes. Therefore, unless regulations allow otherwise, all patients must be “charged” the same amount for the same service.
2. BCH, NH & RHC also recognizes that Section 501(r)(5) limits amounts “charged” to patients for Emergency or other Medically Necessary Care to amounts not more than those generally billed to individuals who have insurance covering such care.
  - a. This provision applies to Hospital charges. Long Term Care charges are NOT subject to Section 501(r)(5)
  - b. We believe that Congress’ intent is that qualifying self-pay patients could not be billed gross charges, but rather charged gross charges provided a discount and billed the net amount. We believe Congress utilized the word “charged” interchangeably with “billed” which is not correct in this instance.
  - c. Therefore, BCH, NH & RHC shall BILL 100% self-pay patients who qualify for Charity Care of Financial Assistance under this policy (incomes at or less than 300% of the FPG) not more than the IP & OP combined rate related to claims allowed by Medicare fee-for-services during a 12-month look back period to be determined within 30 days after the filing of the annual Medicare cost report. The look back period will correspond with the period covered by the most recent filed Medicare cost report. This rate may vary by each BCH, NH & RHC organization.
  - d. In the instance where a State, Federal or other regulation or agreement is more stringent than Section 501(r) (5), the method prescribed in that regulation or agreement will be followed. One specific example is the Minnesota Attorney General agreement with the hospitals.
3. The statement sent to the patient will show the gross charges, self-pay discount, any Charity Care of Financial Assistance Discounts and the net patient responsibility amount.