



DCHS POLICIES AND PROCEDURES

SECTION 06: FINANCIAL INTEGRITY AND UNIFORM REPORTING

POLICY/PROCEDURE#: 06.03.04

TITLE: FINANCIAL DISCOUNT POLICY

BOARD APPROVALDATE: July 28, 2005

EFFECTIVEDATE: July 28, 2005

REVISION DATE(s): April 27, 2007
February 22, 2008
October 23, 2009
September 30, 2011
June 21, 2013

APPROVED: 
Robert Issai, President/CEO

Reference to System Policy: 06.03.08 Financial Assistance Policy

Reference to CBS Policy: N/A

Purpose

The purpose of this policy is to ensure that the Daughters of Charity Health System (DCHS), in keeping with the mission and values of the Daughters of Charity and its founders St. Vincent de Paul, St. Louise de Marillac and St. Elizabeth Ann Seton, provides its health care services as well as equal access to diagnostic and therapeutic treatments regardless of the financial status of the patient and furthermore provides financial discounts in a manner that respects the dignity of patients and their families.

This policy is specifically intended to assist low income, uninsured and underinsured patients who meet certain eligibility requirements and is adopted both in accordance with the Daughters of Charity mission and values and with the requirements of California Assembly Bill 774.

Policy Statement

IT IS THE POLICY OF DCHS TO:

- Advance and strengthen the healing mission of the Catholic Church by providing comprehensive, excellent health care that is compassionate and attentive to the whole person: body, mind and spirit.
- Provide hospital services without delay or limitations and without regard to the patient's ability to pay or pending eligibility and financial discount determinations.
- Provide hospital services at no cost to eligible patients at or below 200% of the Federal Poverty Guidelines (Exhibit C).
- Provide hospital services for eligible patients with incomes from 201% to 350% of the Federal Poverty Guidelines based on a sliding scale of the respective Local Health Ministry's (LHM) Medicare rate.
- Provide hospital services for eligible patients with high medical costs defined as patients with third party coverage who do not otherwise receive a discount as a result of their third party coverage where;
 - annual out-of-pocket costs incurred by the individual at the hospital exceed 10 percent of the patient's family income in the prior 12 months, or
 - annual out-of-pocket expenses for the patient's medical expenses exceed 10 percent of the patient's family income, provided the patient provides documentation of the patient's medical expenses paid by the patient or the patient's family in the prior 12 months,
- Provide interest free payment plans for eligible patients paying balances under this policy.
- Forgo reports to credit bureaus, referral of accounts to collection agencies, liens against a primary residence or wage garnishments for eligible patients who are meeting an agreed upon payment plan.
- For patients not eligible for Financial Discount under this Policy, provide all medically necessary hospital services based on DCHS Financial Assistance Policy (6.3-8).

Policy Scope

- Eligible patients consist of patients whose family income is at or below 350% of the federal poverty level and who either are self-pay or have third party coverage but receive no discounted rate from the LHM as a result of that third party coverage. A self-pay patient is one who does not have third-party coverage from a health insurer, health care

service plan, Medicare, or Medicaid, and whose injury is not a compensable injury for purposes of worker's compensation, automobile insurance, or other insurance as determined and documented by the hospital.

- Financial Discounts are to be given to eligible patients without regard to race, religion, color, creed, age, gender, sexual orientation, national origin or immigration status.
- Financial Discounts are always secondary to other government sponsored programs. Patients eligible for government sponsored programs may also apply for the DCHS Financial Discount Program for hospital services not covered by government programs and may receive the benefits of the DCHS Financial Discount Program to the extent they are eligible patients as defined herein.
- Eligibility for Financial Discounts will be determined on an individual basis and evaluated on an assessment of the patient's and/or family's need, financial resources, and all financial obligations including medical expenses.
- Financial Discounts apply to all types of hospital services; for purposes of this Policy, hospital services include all services provided or billed by the LHM.
- Services not provided or billed by the LHM are not covered by this policy.
- Cosmetic services and other non-medically necessary procedures are not covered by this Financial Discount policy unless the service or procedure has been ordered by a physician who is a member of the medical staff of the LHM.
- Eligibility for the Financial Discount Program requires the full cooperation of the patients and their families in providing and completing required documents and information on a timely basis. If a person requesting a determination of eligibility under this Policy fails to provide the information that is reasonable and necessary for the LHM to determine eligibility, the LHM may consider that failure in making its determination.
- Patients who are currently eligible for Medicaid in other states will qualify for 100% Financial Discount under this policy.
- If attempts to obtain a completed patient application or supporting documentation have failed, LHMs shall determine presumptive eligibility for Financial Discount utilizing a risk assessment scoring software algorithm. The software will be an industry wide accepted product that has been validated by external audit.

Procedure for Financial Discounts

A. Communication and Application Process

1. Patient Financial Services (PFS) department will update the Financial Discount Table (Table 1) and the Federal Poverty Guidelines chart (Exhibit C) annually in February based on the updated Federal Poverty Income Guidelines as published every January in the Federal Register.

2. Each LHM posts (Exhibit B) the availability of Financial Discounts in locations where there is a high volume of patient access and registration, including admitting, emergency departments, outpatient service settings and Patient Financial Services (PFS) offices.
3. Each LHM will provide patients with written notice containing information about availability of the hospital's discount policies, including information about eligibility, as well as contact information for a hospital employee or office from which the person may obtain additional information about these policies. The notice also will be provided to patients who receive emergency or outpatient care. Each LHM shall retain written acknowledgement of patient's receipt of such notice.
4. Materials are available in multiple languages specific to the geographic area of each LHM.
5. Financial counselors or Health Benefits Resource Center (HBRC) staff at each LHM will make reasonable efforts to obtain information about whether public or private health insurance or sponsorship may fully or partially cover the charges for care rendered by the hospital to a patient.
6. Financial counselors and HBRC staff are available at each LHM to help patients understand and apply for government sponsored programs and the DCHS Financial Discount Program.
7. Applications for Medi-Cal and Healthy Family programs will be made available to uninsured patients in registration areas as well as in Patient Financial Services.
8. If the patient does not indicate coverage by a third-party payer or requests a discounted price, then each LHM will provide the patient with an application for the Medi-Cal program or the Healthy Families Program. This application will be made available prior to discharge (if the patient has been admitted) or to patients receiving emergency or outpatient care.
9. LHM billing statements communicate the availability of government sponsored programs as well as the DCHS Financial Discount Program for eligible patients and for any patient who has not provided proof of coverage at the time of billing, the LHM shall provide the following additional information with the bill:
 - a. A statement of charges for services provided by the LHM;
 - b. A request that the patient inform the LHM if the patient has health insurance coverage, Medicare, Healthy Families, Medi-Cal, or other coverage;
 - c. A statement indicating how patients may obtain applications for the Medi-Cal program and the Healthy Families Program and that the LHM will provide these applications. The LHM shall provide such applications to all patients who do not indicate third-party coverage or who request a discounted price.
 - d. The name and telephone number of the LHM employee or office from whom or which a patient may obtain information about the LHM's discount payment policies, and how

to apply for assistance under those policies.

10. A Financial Discount Application (Exhibit A) is provided to patients in order to begin assessment of the patient's qualifications for the Financial Discount Program. Patients can be referred to the DCHS Financial Discount Program by the patient's physician, family members, community or religious groups, social services or other hospital personnel.
11. The Local Health Ministry PFS office will provide an eligibility determination within 30 days after receipt of the following: (1) a completed application, (2) all required documentation, and (3) the determination of the patient's eligibility for government assistance.
12. Incomplete Financial Discount Applications are denied due to insufficient information. The application will be returned to the patient with a cover letter requesting additional/missing information.
13. The LHM HBRC staff can provide presumptive Medi-Cal eligibility for Financial Discount applicants. If the LHM HBRC staff determines there is no linkage to Medi-Cal, they may provide that determination in lieu of a Medi-Cal application denial.
14. If the patient fails to complete an application or the application contains insufficient information and the patient does not comply with requests as noted in item 12 above, the LHM will utilize a risk assessment scoring software algorithm to determine presumptive eligibility. The software will be an industry wide accepted product that has been validated by external audit.

B. Amount of Financial Discount

1. DCHS provides Financial Discounts for hospital services for eligible patients, based upon the following guidelines:
 - Family incomes up to 200% of the Federal Poverty Guidelines (FPG) receive hospital services at no cost to the patient.
 - Family incomes from 201% up to 350% of the Federal Poverty Guidelines receive a sliding scale reduction from the LHM's Medicare rate for medically necessary hospital services.
 - The Federal Poverty Income Guidelines are published in the Federal Register in February of each year and for purposes of this Policy and Procedure will become effective the first day of the month following the month of publication

Please see the Financial Discount Table Example below to determine the amount of free care or discount relative to the patient's family income.

Financial Discount Table (Table 1)
Percentage of Medicare Rate

#In Family or Household	Federal Poverty Level	200% of the FPL = 100% discount	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
1	\$11,490	\$22,980	\$24,704	\$26,427	\$28,151	\$29,874	\$31,598	\$33,321	\$35,045	\$36,768	\$38,492	\$40,329.90
2	\$15,510	\$31,020	\$33,347	\$35,673	\$38,000	\$40,326	\$42,653	\$44,979	\$47,306	\$49,632	\$51,959	\$54,440.10
3	\$19,530	\$39,060	\$41,990	\$44,919	\$47,849	\$50,778	\$53,708	\$56,637	\$59,567	\$62,496	\$65,426	\$68,550.30
4	\$23,550	\$47,100	\$50,633	\$54,165	\$57,698	\$61,230	\$64,763	\$68,295	\$71,828	\$75,360	\$78,893	\$82,660.50
5	\$27,570	\$55,140	\$59,276	\$63,411	\$67,547	\$71,682	\$75,818	\$79,953	\$84,089	\$88,224	\$92,360	\$96,770.70
6	\$31,590	\$63,180	\$67,919	\$72,657	\$77,396	\$82,134	\$86,873	\$91,611	\$96,350	\$101,088	\$105,827	\$110,880.90
7	\$35,610	\$71,220	\$76,562	\$81,903	\$87,245	\$92,586	\$97,928	\$103,269	\$108,611	\$113,952	\$119,294	\$124,991.10
8	\$39,630	\$79,260	\$85,205	\$91,149	\$97,094	\$103,038	\$108,983	\$114,927	\$120,872	\$126,816	\$132,761	\$139,101.30
For each additional person add	\$4,020	\$8,040	\$8,643	\$9,246	\$9,849	\$10,452	\$11,055	\$11,658	\$12,261	\$12,864	\$13,467	\$14,110.20

Based on Poverty Guidelines from Federal Register, Vol. 78, No. 16, January 24, 2013, pp. 5182-5183

2. The LHM may take into account unusual or exceptional patient circumstances and adjust the amount of Financial Discount under this policy. These cases must follow the LHM’s documentation guidelines and be approved by the DCHS Executive Vice President and CFO.

C. Determination of Eligibility

1. Documents used for verification of the patient’s financial resources and household income in the Financial Discount Application may include, but are not limited to the following:
 - Copy of prior year’s Federal tax returns, including schedules if applicable
 - Copies of current paystubs, social security, disability, or unemployment check or award letter
 - A copy of state AHCCS/Medi-Cal Decision/Denial Notice
 - Household income of the patient and if the patient is 18 years or older of the patient’s spouse, domestic partner and dependent children under age 21, whether living at home or not; if the patient is under age 18, consider income of the patient, the patient’s parents, caretaker relatives and other children under age 21, whether living at home or not.
2. Collection activities are suspended during the eligibility determination process.
3. An LHM may adjust the eligibility criteria from time-to-time based on its financial resources and as necessary to meet the financial needs of its community with the prior written approval of the DCHS CFO and legal counsel.

4. DCHS keeps all applications and supporting documentation confidential in accordance with the DCHS policy regarding protected health information, DCHS Policy/Procedure 11.0, Compliance with the Health Insurance Portability and Accountability Act of 1996.

D. Notification of Financial Discount Determination

1. The LHM Patient Financial Services (“PFS”) office will provide an eligibility determination within 30 days after receipt of the following: (1) a completed application, (2) all required documentation, and (3) the determination of the patient’s eligibility for government assistance.
2. A notification of Financial Discount determination will be mailed to the patient or responsible party. This notification will identify the amount due from the patient and the amount of Financial Discount that will apply to the patient’s account.
3. Patients or their representatives can appeal a determination by providing additional information, such as income verification or an explanation of extenuating circumstances to the PFS Director within 30 days of notification. The Director of the local PFS office reviews and decides all appeals. The responsible party will be notified of the outcome.

E. Payment Plans for Eligible Patients

1. DCHS offers interest free extended payment plans for eligible patients qualifying for financial discount as follows:

	Total Amount Owed and Months to Pay		
Total Amount Owed	\$1-\$500	\$501-3,000	\$3,001+
Manager Approval	6months	12 months	24 months
Director Approval	12 months	24 months	36 months*

* Requires approval of LHM CFO.

2. Patients are responsible for communicating to the PFS office any time an agreed upon payment plan may be broken. Lack of communication from the patient may result in further account collection action.
3. The above Payment Plans are negotiable.
4. Any variations from the above payment plans require the approval of the LHM CFO.

F. Collection Practices for Eligible Patients

1. Each LHM will maintain a written policy stating when and under whose authority patient debt is advanced for collection.

2. Prior to commencing collection activities against a patient, each LHM or its assignee of the patient debt, will provide the patient with a written notice (1) stating that nonprofit credit counseling services may be available in the area and (2) containing the following statement:

"State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov."

Each LHM also will provide this notice to patients with any document indicating that the commencement of collection activities may occur.

3. Each LHM will not pursue legal action for non-payment of bills against any household where the primary wage earner(s) is unemployed or there are not significant income sources.
4. Eligible patients meeting an agreed upon monthly payment plan are not assigned to a collection agency or reported to credit bureaus.
5. Neither the LHMs nor any of their collection agencies will report adverse information to a consumer credit reporting agency or commence civil action against a patient eligible under the DCHS Financial Discount program for nonpayment of a patient debt at any time prior to 150 days after the initial billing of the patient.
6. The LHMs will not use wage garnishments or liens on a real property, as a means of collecting unpaid hospital bills for eligible patients.
7. Each LHM expects its external collection agencies to receive approval from the DCHS PFS office before pursuing any legal action against an individual who qualifies as an eligible patient under this Policy.
8. Collection agencies used by DCHS LHMs must follow Fair Debt and Collection Practices and adhere to each LHM's standards and scope of practices and to the provisions of Assembly Bill AB774 and must further act in a manner that treats individuals with dignity, respect and compassion.

G. Other Considerations

1. Eligibility for Financial Discount program may be determined at any time by the LHM as information on the patient's eligibility becomes available.
2. Eligibility for Financial Discount program is valid by individual admission. Eligible patients will be requested to attest to absence of changes in financial status for subsequent admissions or to furnish updated information reflecting changes in financial status, as applicable.

Implementation and Review of This Policy

This policy is to be implemented by:

DCHS President & CEO, LHM Presidents & CEOs

This policy is to be reviewed **annually** for compliance and relevance by:

DCHS President & CEO, LHM Presidents & CEOs, DCHS Vice President Revenue Cycle Services



Date: _____

Account# _____

Patient Name: _____

FINANCIAL DISCOUNT APPLICATION

LAST NAME (PATIENT)	FIRST	MIDDLE	MAIDEN
SOCIAL SECURITY#	BIRTHDATE		MARITAL STATUS
RESIDENCE ADDRESS (FACILITY ADDRESS IF HOMELESS)		CITY	STATE ZIP
MAILING ADDRESS (IF DIFFERENT THAN ABOVE)		CITY	STATE ZIP
TELEPHONE NUMBER(S)	HOME	WORK	MESSAGE

LAST NAME OF GUARANTOR (IF DIFFERENT FROM ABOVE)	FIRST	MIDDLE
SOCIAL SECURITY#	BIRTHDATE	
EMPLOYER OF GUARANTOR (NAME AND FULL ADDRESS)		
PHONE		MONTHLY GROSS PAY \$
OTHER EMPLOYER(S) (NAME AND FULL ADDRESS)		
PHONE		MONTHLY GROSS PAY \$
IF UNEMPLOYED, NAME OF LAST EMPLOYER AND FULL ADDRESS		
LAST EMPLOYMENT DATE		

DEPENDENT FAMILY MEMBERS LIVING IN YOUR HOUSEHOLD (SPOUSE, CHILDREN, PARENTS, SIBLINGS) (IF MORE SPACE IS NEEDED, PLEASE ATTACH AN ADDITIONAL SHEET OF PAPER)	RELATIONSHIP	BIRTH DATE	SOCIAL SECURITY#	EMPLOYED BY	EMPLOYER PHONE	Gross Monthly Pay
1.						
2.						
3.						
4.						
5.						

Please include amounts for all dependent household members. If additional space is needed, copy and attach another sheet of paper.				OTHER MONTHLY INCOME \$ <i>SPECIFY SOURCE(S) (SELF-EMPLOYMENT, TIPS, COMMISSIONS, PENSIONS, SOCIAL SECURITY, CHILD/SPOUSAL SUPPORT, GIFTS, DISABILITY, VA OR UNEMPLOYMENT BENEFITS...)</i>	
OWED TO OTHERS	<small>TO WHOM OWED</small>	<small>PRESENT BALANCE</small>	<small>MONTHLY PAYMENT</small>	ASSETS	<small>BANK NUMBER & ACCOUNT NUMBER</small>
RENT/MORTGAGE				CHECKING	
UTILITIES				SAVINGS OR CERTIFICATE	
FOOD				OTHER	
AUTO LOAN				STOCKS & BONDS	
		<small>PRESENT BALANCE</small>	<small>MONTHLY PAYMENT</small>	ASSETS	<small>BANK NUMBER & ACCOUNT NUMBER</small>
CREDIT CARDS				INSURANCE CASH VALUE	<small>ACCOUNT BALANCE</small>
				OTHER ASSETS (DESCRIBE.E.G., BUSINESS)	
OTHER OBLIGATIONS (CHILD SUPPORT, ALIMONY, INSURANCE PAYMENTS)					
ADDITIONAL INFORMATION					
BILLS OWED TO OTHER MEDICAL PROVIDERS					
<i>COST OF PRESCRIPTION MEDICATION(S)</i>					
TOTAL DEBTS				TOTAL ASSETS	

I CERTIFY THAT ALL STATEMENTS MADE IN THIS APPLICATION ARE TRUE AND COMPLETE. YOU ARE HEREBY AUTHORIZED TO CHECK MY CREDIT HISTORY IN ORDER TO EVALUATE THIS APPLICATION FOR FINANCIAL DISCOUNT CONSIDERATION.

SIGNATURE	DATE
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**In order for this application to be considered for Financial Discounts,
ALL of the following documents are required, if applicable**

- Completed Financial Discount Application
- A copy of the prior year tax return
- A copy of current paystubs (13 weeks)
- A copy of social security, disability, or unemployment check or award letter
- A copy of a state AHCCS/Medi-Cal Decision/Denial Notice. You can obtain this by contacting the AHCCS/Medi-Cal office in the area in which you live. All potentially eligible patients must provide a valid “Notice of Action” from AHCCS/Medi-Cal stating completion of the application and the reason for acceptance or denial. Any Notice of Action stating a failure to provide information or failure to participate in the interview will not be accepted in consideration of this Financial Discount Application.

Please return your completed application with all requested forms in the enclosed self-addressed stamped envelope within 10 days. Contact _____ at _____ if you have any questions.

Please be advised that this is not a guarantee that Financial Discounts will be awarded; and payments should continue on a regular basis until a determination has been made. Your application and the information provided will be reviewed and verified and a decision will be provided to you in writing.

Thank you for your cooperation. We look forward to being of assistance to you to resolve your account.

Return by this Date: _____

Account Number: _____ Account Balance: _____



Financial Discount Program

Consistent with its mission, the Daughters of Charity Health System Local Health Ministries provide free or reduced cost medical services to persons who are unable to pay for their care.

Please discuss your individual needs with a Financial Counselor. Upon completion of a Financial Discount Application, along with the submission of all required documents, you may be eligible for financial discounts as defined by the Daughters of Charity Health System Financial Discount Policy.

Federal Poverty Guidelines

The Federal Poverty Income Guidelines are published in the Federal Register in February of each year and for purposes of this Policy and Procedure will become effective the first day of the month following the month of publication. The Federal Poverty Income Guidelines have been provided for your reference. Please refer to the Financial Discount Table (Table1) when determining the amount of financial discount, as the Federal Poverty Guidelines listed below have been incorporated into Table1.

The 2013 Poverty Guidelines for the 48 Contiguous States and the District of Columbia	
Persons in family	Poverty guideline
1	\$11,490
2	15,510
3	19,530
4	23,550
5	27,570
6	31,590
7	35,610
8	39,630

For families with more than 8 persons, add \$4,020for each additional person.

SOURCE: [*Federal Register, Vol. 78, No. 16, January 24, 2013, pp. 5182-5183*](#)