

**MERCY MEDICAL CENTER – NORTH IOWA
POLICY AND PROCEDURE GUIDE**

TITLE: Charity Care	APPROVED BY: Laura Olander	EFFECTIVE DATE: May 2, 2012
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PURPOSE:

Integral to our mission, Mercy Medical Center - North Iowa is committed to providing quality health care services with compassion, dignity and respect for those we serve, particularly the poor and the underserved in our communities. Through community-based planning and the establishment of programs for the benefit of the powerless and marginalized, Mercy Medical Center - North Iowa demonstrates its commitment to promoting social justice in the communities we serve. The concept of total care embraces the physical, psychological, spiritual, social and economic needs of those we serve, regardless of race, creed, sex, age, or financial status. Mercy Medical Center - North Iowa attempts to respond to the needs of those we serve insofar as its resources and capabilities will allow.

DEFINITIONS:

Liquid Assets:

Liquid assets are those that could be converted to cash within one year. Those would include checking accounts, savings accounts, trust funds (to the extent the patient can access the fund), stocks, bonds, and equity in real estate. Exempt would be funds to cover normal living expenses equal to two months of net income. Retirement funds, IRA accounts, \$5,000 equity in personal property and \$50,000 equity in applicant's residence are exempted.

In lieu of liquidating the assets, the assets may be counted in the current year's income in determining income level. This exemption would be further extended to unemployed individuals providing the assets necessary to cover the anticipated period of unemployment or disability.

Charity Care:

Free or discounted health services to persons who cannot afford to pay. Staff use the term "financial assistance" when working directly with patients or in a patient care setting. Charity care does not include cosmetic services and other elective procedures.

Earned Income:

Includes salary, wages, self-employment income, and tips earned by the patient, spouse, or parent.

Unearned Income:

Financial assistance received from Social Security, disability payments, retirement benefits, child support, alimony, interest earnings, dividends, and income from another source (e.g. cash assistance programs such as temporary assistance to needy families, food stamps, unemployment, and worker's compensation, etc.).

POLICY:

As a Sisters of Mercy sponsored Community Health Care System providing charitable services is part of our mission to promote access to health care/services, especially for the poor with medical needs. The amount of charitable services provided will be subject to the organization's financial ability to absorb the cost of such services, while remaining financially viable. Efforts will be made to educate medical and other professional staff, to both the criteria and the application process prior to the need arising for individual situations for the potential sources of funding entities such as Rural Outreach, Family Investment Program (FIP), and others. Charity Care policies, procedures, and applications are available to patients and/or family members on our Mercy website (www.mercynorthiowa.com).

Patients shall be determined to be medically indigent if they do not have the personal resources to pay for their care. In determining whether a patient has inadequate resources to pay for their care, it should also be determined whether payment for the care would cause severe economic and/or social hardship for the patient and/or family.

PROCEDURE:

1. The determination of eligibility for financial assistance is based on the individual's demonstrated inability to pay for such services due to inadequate resources. It may include those persons who are uninsured or underinsured and/or not eligible for any private or publicly underwritten health care coverage program as documented in the patient's financial record. Additionally, documentation of granted assistance will be noted on the patient hospital and or/clinic account.
2. Discounts - Uninsured
 - a. A discount of 20% will be granted to uninsured patients upon request.
 - b. Documentation of adjustment transaction will be entered on each patient account.
 - c. Availability of discounts is communicated **on** billing statements.
3. Charity care is "free or discounted health services to persons who cannot afford to pay." The term in dealing directly with patients is "financial assistance" terminology when used in referring to charity care in a patient setting.
4. Charity Care does not include partial and/or total write-offs of amounts due and owing for reasons unrelated to the individual's or family's ability to pay. Individuals qualifying for Charity Care must meet certain pre-established criteria.
5. Eligibility for Charity Care will be based on earned and unearned income of the patient and/or household and assets.
6. Payment plans will be discussed with a Financial Counselor or Customer Service Representative for any balance due after financial assistance.
7. The Charity Care Policy is to apply to all patients regardless of race, creed, sex, age, or payer.
8. Eligibility for Charity Care will be determined on an individual basis and evaluated on an assessment of the patient's and/or family's need, financial resources and obligations.
9. The Charity Care Policy is to apply to all types of medically necessary services, including medical and support services, rendered by Mercy Medical Center - North Iowa. Such services include, but are not limited to inpatient, outpatient, emergency, clinic, home health care, prenatal services which include the initial OB care and delivery, and hospice services.
10. When appropriate, the registration staff will communicate to the patient and/or families the financial assistance program and will refer them to a Financial Counselor.
11. Trauma and emergency care will be provided to all patients, regardless of the patient's ability to pay. Such care will continue until the patient's condition has been stabilized prior to any determination of payment arrangements.
12. Cosmetic services and other elective procedures should not be underwritten by Charity Care.

13. In general, Mercy Medical Center - North Iowa will not provide Charity Care to those who are not residents of the service area unless the patient presents with an urgent, emergent, or life-threatening condition. (This is not meant to exclude patients identified as needing service by physician foreign mission programs.)
14. Financial Assistance will only be granted after all other resources are exhausted, such as private insurance, Medicare or Medicaid. Charity approval may be denied if the patient doesn't cooperate with this process. If a patient qualifies for assistance and has qualifiers for the state program IowaCare, the patient will be asked to apply.
15. Presumptive Financial Assistance Eligibility
 - a. There are instances when a patient may appear eligible for financial discounts, but there is no financial assistance form on file or a lack of supportive documentation. In the event there is no evidence to support a patient's eligibility for financial assistance, Mercy Medical Center - North Iowa may use outside agencies or vendors in determining eligibility and potential discount amounts. These resources may use demographic and household information and/or credit scoring technology to determine the percent of assistance to apply to the patient's account.
 - b. Patients who meet presumptive eligibility criteria may be granted financial assistance without completing the application.
16. Voluntary patient payments will be accepted. Charity and presumptive charity adjustments will be reversed due to receiving insurance and/or patient payments.

FINANCIAL ELIGIBILITY GUIDELINES

1. A Charity Care determination will be made once the Charity Care assessment has been completed for the patient and approval(s) have been received. A Completed Charity Care Assessment will serve as the basis for documenting the patient's eligibility for assistance.
2. The assessment will include the following information:
 - Earned income including monthly gross wages, salary, and self-employment income
 - Unearned income including dividends interest and miscellaneous income from any other source such as cash assistance, unemployment and workers compensation, etc.
 - Number of dependents in household.
 - Information to determine the patient's financial status, including assets and liabilities.
 - Where appropriate, supporting documents such as payroll stubs, tax returns, credit reports, etc. will be requested to support information reported and will be filed with the completed assessment.
3. It is also appropriate to use proxy information to determine if the individual is eligible for Charity Care. For example, the fact that an applicant "Stays with friends", and "only occasionally works" are good proxies for income levels when income is unable to be determined directly.
4. Extraordinary out of pocket outlays that are required to meet a family's health and medical care needs will be subtracted from their income. These may include expensive out of pocket prescription drugs, health care coverage premiums, and care-giver services and the like.
5. Every effort should be made to determine a patient's eligibility of Charity Care at the time of admission or service. However, it may not always be possible to immediately determine and verify a patient's financial status. Thus, Charity Care determination can be made while the patient is in-house or following discharge, including situations where the patient attempted to obtain retroactive coverage through governmental financial assistance programs, but where such coverage was not available or was denied. Additionally retroactive determinations may be made for those who did not apply for Charity Care at the same time services were received, but who continuously, since the time of service meet the requirements for Charity Care.
6. In recognizing that an individual and family's income situation may vary over time, it is advisable to periodically re-verify income. If there is evidence that the individual is unable to make the ongoing payments at the amount agreed to, on a case-by-case basis, to retroactively determine that the individual or family is eligible for Charity Care.
7. Charity care will be considered for patients that have private insurance or other coverage but do not have the financial resources to pay co-insurance or deductible amounts.

8. Charity Care will be considered for patients that have financial resources to pay a portion of the account balance, but not the entire amount. In such situations, it is appropriate to consider the portion for which there is an inability to pay as Charity Care.
9. Documentation of charity eligibility (i.e. financial statement) with appropriate approvals must be maintained in hard copy or other form of storage media. Charity eligibility documentation should also be noted on the patient's account on the accounts receivable system.
10. The Director of Patient Financial Services will approve charity applications that are in the guidelines of this policy.

CHARITY CARE-SPECIAL AREAS

1. Mercy Medical Center - North Iowa recognizes that not all patients are willing, or able to provide complete financial and/or social information. Therefore, some charity cases may be determined based on available resources such as other departments of the hospital that had contact with the patient. Examples of these presumptive cases include: Patient is deceased with no known estate, patients with current eligibility under county or state medical indigent services administered by county or state facilities or private sector entities, or patient is homeless or unemployed. Included in the above category are members of religious organizations who have taken a vow of poverty and have no resources individually or through the religious order.
2. Mercy Medical Center – North Iowa recognizes that occasionally there will be a need for granting Charity Care to a patient who may not otherwise meet the criteria established within the policy. Such cases are known as extraordinary circumstances, and the assistance granted under such guidelines, extraordinary assistance. Extraordinary assistance requires administration approval. The Chief Financial Officer and/or Regional Director will approve these applications.
 - a. These applications are completed by the request of the patient or the Financial Counselor.
 - b. Any initial charity adjustment will be completed on the account before an additional review is requested.

Income FPG%	% Charity Granted	Max. Balance (\$ Remaining on account)	Monthly payment amount	Length of EPP (Months)
Less than 149%	100%	None	None	N/a
UNINSURED & INSURED				
150-159%	75%	\$ 750.00	\$ 50.00	15
160-169%	75%	\$1,000.00	\$ 66.00	15
170-179%	75%	\$1,200.00	\$ 66.00	18
180-199%	75%	\$1,500.00	\$ 83.00	18
UNINSURED				
200-224%	40%	\$2,000.00	\$111.00	18
225-249%	40%	\$2,500.00	\$104.00	24
250-279%	20%	\$3,000.00	\$125.00	24
280-349%	20%	\$3,500.00	\$145.00	24
350-399%	20%	\$4,000.00	\$166.00	24
400-449%	0%	\$4,500.00	\$187.00	24
450-499%	0%	\$5,000.00	\$208.00	24

INSURED				
200-299%	20%	\$2,700.00	\$112.00	24

3. Charity Care will be valued at the cost of providing the care, in accordance with the Healthcare Audit Guide and Trinity Health Policy.
4. Charity Care will be systematically accounted for so that this component of community benefit is accurately recorded.
5. If Charity Care application is not turned in timely, account will go through normal collection activity.
6. If patient is eligible for COBRA and is unable to pay premium, Administration will make the determination if the Ministry Organization will pay the premium for the services rendered.

FINANCIAL SUPPORT & GUIDELINES:

EXHIBIT A

**2012 POVERTY GUIDELINES for the
48 Contiguous States and the
District of Columbia**

<u>Persons in Family</u>	<u>Poverty Guideline</u>
1	\$11,170
2	\$15,130
3	\$19,090
4	\$23,050
5	\$27,010
6	\$30,970
7	\$34,930
8	\$38,890

For families with more than 8 persons, add \$3,960 for each additional person.

Source: Federal Register, Vol. 77, No. 17, January 26, 2012

EXHIBIT B

Uninsured:

<u>Income as a % of Poverty Level</u>	<u>% of Charity</u>
Less than 150%	100%
150% to 199%	75%
200% to 249%	40%
250% to 399%	20%

Insured:

<u>Income as a % of Poverty Level</u>	<u>% of Charity</u>
Less than 150%	100%
150% to 199%	75%
200% to 299%	20%

Methodology in Determination of Charity Calculations

Formula used to calculate assistance granted:

Patient's gross annual income (less any adjustments, i.e. – extraordinary pharmacy expenses, monthly health insurance premiums) divided by Federal Poverty Guideline Income (Exhibit A) for appropriate family unit.

This yields percent of patient income to Federal Poverty Guidelines. Using Exhibit B, the percentage of assistance is calculated.