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| This policy applies to: <input checked="" type="checkbox"/> <i>Lucile Packard Children's Hospital Stanford</i> | Approval Date: April 2015 |
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I. PURPOSE

The purpose of this Policy is to define the eligibility criteria and application process for financial assistance for patients who receive healthcare services at Lucile Packard Children's Hospital (LPCH) and who are uninsured or underinsured. LPCH also seeks to describe the types of financial assistance available and ensure patients have access to information about these programs.

II. POLICY

LPCH is committed to providing financial assistance in the form of a Financial Hardship Discount or Charity Care (together referred to in this Policy as Financial Assistance) to uninsured and underinsured individuals who seek and obtain healthcare services from LPCH but are not able to meet their payment obligations to LPCH without assistance. LPCH desires to provide this assistance in a manner that addresses the patients' individual financial situations, satisfies the hospital's not-for-profit and teaching missions, and meets its strategic, operational, and financial goals.

Financial Assistance is not to be considered a substitute for personal responsibility. Patients are expected to cooperate with LPCH's Financial Assistance requirements, and to contribute to the cost of their care based on their individual ability to pay.

This written Policy:

- Includes eligibility criteria for Financial Assistance – fully or partially discounted care.
- Describes the basis for calculating amounts charged to patients eligible for financial assistance under this Policy.
- Describes the method by which patients may apply for financial assistance.
- Limits the amounts that LPCH will charge for emergency or other medically-necessary care provided to individuals eligible for Financial Assistance. The limit will be based upon the discounted rate comparable to LPCH's government payors.
- Describes the methods used to widely publicize the Policy within the communities served by LPCH.
- Does not address LPCH's billing and collection policy, which can be found in LPCH's Debt Collection Policy.

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III. DEFINITIONS

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

Charity Care: A 100% waiver of patient financial obligation for medically necessary services provided by LPCH and included in priority listing (See Section IV.D. below). (Uninsured and underinsured patients with annualized family incomes not in excess of 400% of the Federal Poverty Guidelines may be eligible for fully discounted care.)

Eligibility Qualification Period: Patients determined to be eligible shall be granted Financial Assistance for a period of twelve (12) months. Financial Assistance will also be applied to eligible accounts incurred for services received prior to the Financial Assistance application date.

Emergency medical conditions: As defined within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395dd), LPCH treats persons from outside of an LPCH service area if there is an emergent, urgent, or life-threatening condition.

Family: For patients 18 years or older, the patient's spouse, registered domestic partner, and dependent children under 21 whether living at home or not. For patients under 18 years of age, family includes patient's parent, caretaker relatives, and other children under 21 years of age of the parent or caretaker. If a patient claims a dependent on their income tax return, according to the Internal Revenue Service rules, that individual may be considered a dependent for the purposes of determining financial assistance eligibility. Any and all resources of the household are considered together to determine eligibility under this Policy.

Family Income: Family Income is determined using the U.S. Census Bureau definition when determining eligibility based on the Federal Poverty Guidelines.

- Includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, disability payments, pension or retirement income, interest, dividends, rents, royalties, income from estates and trusts, educational assistance, alimony, child support, financial assistance from outside the household, and other miscellaneous sources;

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- Non-cash benefits (i.e. Medicare, Medicaid, and Golden State Advantage card EBT benefits, heat assistance, school lunches, housing assistance, need-based assistance from non-profit organizations, foster care payments, or disaster relief assistance) are not counted as income for making an eligibility determination for financial assistance;
- Capital gains or losses Determined on a before-tax basis; and
- A person's family income includes the income of all adult family members. For patients under 18 years of age, family income includes that of the parents and/or step-parents, unmarried or domestic partners, or caretaker relatives.

Federal Poverty Guidelines: Federal Poverty Guidelines are updated annually in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current guidelines can be referenced at <http://aspe.hhs.gov/POVERTY/>

Financial Assistance: Assistance provided to patients for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for medically-necessary services provided by LPCH and who meet the eligibility criteria for such assistance. Under this Policy, Financial Assistance is either Charity Care or Financial Hardship Discount.

Financial Hardship Discount: A partial waiver of patient financial obligation resulting from medically necessary services provided by LPCH. Uninsured and underinsured patients with annualized family incomes not in excess of 400% of the Federal Poverty Guidelines may be eligible for partially discounted care.

Guarantor: For the purposes of this Policy, the individual who is financially responsible party for payment of an account balance, and who may or may not be the patient.

Gross Charges: The total charges at the organization's full established rates for the provision of patient care services before deductions from revenue are applied.

Healthcare Services: Medically Necessary (as defined below) hospital and physician services.

Medically Necessary: As defined by Medicare as services or items reasonable and necessary for the diagnosis or treatment of illness or injury.

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Proof of Income: For purposes of determining Financial Assistance eligibility, LPCH will review annual family income from the prior two (2) pay periods and/or the prior tax year as shown by recent pay stubs or income tax returns and other information. Proof of earnings may be determined by annualizing the year-to-date family income, taking into consideration the current earnings rate.

Reasonable Payment Plan: An extended interest free payment plan that is negotiated between LPCH and the patient for any patient out-of-pocket fees. The payment plan shall take into account the patient's income, essential living expenses, assets, the amount owed, and any prior payments.

Uninsured Patient: An individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program (including without limitation Medicare, Medicaid, SCHIP and CHAMPUS), Worker's Compensation, or other third party assistance to assist with meeting his/her payment obligations. It also includes patients that have third party coverage, but have either exceeded their benefit cap, been denied coverage or does not provide coverage for the particular Healthcare Services for which the patient is seeking treatment from LPCH.

Underinsured Patient: An individual, with a private or public insurance coverage, for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for Healthcare Services provided by LPCH.

IV. PROCESS/PROCEDURE

GENERAL GUIDELINES

A. **Eligible Services:**

- Financial Assistance under this Policy shall apply to *Medically Necessary* hospital and physician services.
- In the event that there is uncertainty as to whether a particular service is Medically Necessary, a determination shall be made by the Chief Medical Officer of LPCH.

B. **Services NOT Eligible:**

Services that are generally not considered to be Medically Necessary and are therefore not eligible for Financial Assistance include:

- Reproductive Endocrinology and Infertility services

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- Cosmetic or plastic surgery services
- Vision correction services including LASEK, PRK, Conductive Keratoplasty, Intac's corneal ring segments, Custom contoured C-CAP, and Intraocular contact lens
- Hearing aid and listening assistive devices

In rare situations where a physician considers one of the above referenced services to be Medically Necessary, such services may be eligible for Financial Assistance upon review and approval by the Chief Medical Director of LPCH.

LPCH reserves the right to change the list of services deemed to be not eligible at its discretion.

C. Patient Eligibility for Financial Assistance – General Provisions:

- All patients who receive Healthcare Services at LPCH may apply for Financial Assistance.
- All individuals applying for Financial Assistance are required to follow the procedures in Section V below.
- LPCH shall determine eligibility for Charity Care or a Financial Hardship Discount based on an individual determination of financial need in accordance with this Policy, and shall not take into account an individual's age, gender, race, sexual orientation or religious affiliation.
- Applicants for Financial Assistance are responsible for applying to public programs for available coverage. They are also expected to pursue public or private health insurance payment options for Healthcare Services provided by LPCH. The patient's, or a patient's guarantor's, cooperation in applying for applicable programs and identifiable funding sources, including COBRA coverage (a federal law allowing for a time-limited extension of health care benefits), is required.

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- Patients, or patients' guarantors, who do not cooperate in applying for programs that may pay for their Healthcare Services, will be denied Financial Assistance. LPCH shall make affirmative efforts to help a patient or patient's guarantor, apply for public and private programs.
- In accordance with Federal Emergency Medical Treatment and Labor Act (EMTALA) regulations, no patients shall be screened for Financial Assistance or payment information prior to the rendering of services to resolve Emergency Medical Conditions.

The Federal Poverty Guidelines shall be used for determining a patient's eligibility for Financial Assistance. Eligibility for Financial Assistance will be based on family income.

D. Charity Care (See Definition Above):

LPCH shall grant *Charity Care* to those patients who apply for Financial Assistance and whom LPCH determines as eligible. LPCH shall make that determination subject to the following priorities:

- *First Priority:* Patients who receive emergency services are LPCH's first priority for Charity Care. (Consistent with EMTALA, LPCH's determination of eligibility for Financial Assistance cannot be made until the patient has received legally required screening and any necessary stabilizing treatment.)
- *Second Priority:* Patients who have had or will have Medically Necessary services and for whom LPCH is the closest hospital to the individual's home or place of work. (In general, if there is a county hospital in the county in which the patient lives or works, and the county hospital can provide the non-emergency service that the patient needs, the patient will be directed to that county hospital.)
- *Third Priority:* Patients who have had or will have Medically Necessary services and for whom LPCH is not the closest hospital to the patient's home or place of work, but for whom one or more of the following factors applies are LPCH's third priority for Charity Care:

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- the patient has a unique or unusual condition which requires treatment at LPCH as determined by the Chief Medical Director; or
- the patient presents a teaching or research opportunity that will further LPCH's teaching missions, as determined by the Chief Medical Director and Chief Revenue Officer

LPCH may grant Charity Care for specialized high cost services subject to the review and approval of the Chief Medical Officer and Chief Revenue Officer.

LPCH shall determine a patient's eligibility for Charity Care in accordance with the procedures set forth in Section V below.

E. Financial Hardship Discount (*See Definition Above*):

Under the *Financial Hardship Discount*, LPCH shall limit the expected payment for Healthcare Services not otherwise prioritized in this Policy (see list in Section IV.D. above) by a patient who qualifies for Financial Assistance, as defined above, to a discounted rate comparable to LPCH's government payers.

- LPCH will extend to the qualified patient a Reasonable Payment Plan.
- LPCH shall determine a patient's income and eligibility for a Financial Hardship Discount according to the procedures in Section V below.
- The amounts LPCH will charge Eligible for a Financial Hardship Discount shall not exceed the average Medicare rate, based on look-back method on actual previous claims paid to LPCH. No patient found eligible for Financial Assistance will be billed Gross Charges for eligible services covered under this Policy.
- Amounts charged to Uninsured Patients are subject to the principles and procedures of the LPCH Uninsured Patient Discount Policy and shall not exceed 60% of listed charges. Additional information regarding the Uninsured Patient Discount Policy can be obtained by contacting LPCH Financial Counseling.

PROCEDURE

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A. Procedure for Applying for Financial Assistance:

1. Any patient who indicates an inability to pay an LPCH bill for Healthcare Services shall be evaluated for Charity Care, other sources of funding, or a Financial Hardship Discount by LPCH Financial Counseling and Patient Financial Advocates.
2. Any LPCH employee who identifies a patient whom the employee believes does not have the ability to pay for Healthcare Services shall inform the patient that Financial Assistance may be available, and that applications are available in Patient Financial Services, Patient Admitting Services, the Emergency Department, all clinics, Customer Service, Patient Advocacy, Patient Relations and Social Services in the primary language of 5 percent or more of the hospital's patients.
3. A patient may be screened initially by an LPCH Financial Counselor prior to receiving non-emergent services to determine whether or not the patient or Family can be linked to any public or private payer source. If the Healthcare Service has not yet been provided and is not an emergency, the Financial Counselor will also help the patient determine whether there is a county hospital in the county in which the patient works or resides that can provide the services.
4. LPCH expects patients to cooperate fully in providing information necessary to apply for governmental programs for which the patient may be eligible, such as Medicare or Medi-Cal, or through the California Health Benefit Exchange. In addition, the patient will be asked to fill out a Financial Assistance Application.
5. Any patient who applies for Charity Care must make every reasonable effort to provide LPCH Proof of Income and health benefits coverage. If a patient files an application and fails to provide information that is reasonable and necessary for LPCH to make a determination as to eligibility for Charity Care, LPCH may consider that failure in making its determination. The LPCH Patient Advocacy Team will inform patients of the consequences of failure to provide complete information on a timely basis.

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6. In the event LPCH denies Charity Care or a Financial Hardship Discount to a patient who has fulfilled the application requirements set forth in this Policy, the patient may seek review of that determination by contacting the LPCH Patient Advocacy Team.

7. Unless a patient is informed otherwise, Financial Assistance provided under this Policy shall be valid for the Eligibility Qualification Period as defined above. However, LPCH reserves the right to reevaluate a patient's eligibility for Financial Assistance during that one year time period if there is any change in the patient's financial status.

NOTIFICATION ABOUT FINANCIAL ASSISTANCE

To make information readily available about its Financial Assistance Policy and program, LPCH will do the following:

- Post this Policy, a summary, and the LPCH Financial Assistance Application on the LPCH website.

- Conspicuously post notices on the availability of Financial Assistance in emergency departments, urgent care centers, admitting and registration departments, Patient Financial Services, and at other locations that LPCH deems appropriate. Make paper copies of the FAP, FAP application form and the plain language summary of the FAP available upon request and without charge both by mail and in public locations.

- Notifying patients by offering a paper copy of the summary as part of intake or discharge process.

- Including conspicuous written notice on billing statements about the availability of financial assistance including the phone number of the LPCH office that can provide information about the FAP and application process, and the website address where the FAP is posted.

- Provide notices and other information on Financial Assistance in the primary language of 5 percent or more of LPCH's patients.

- Make available its Financial Assistance Policy or a program summary to appropriate community health and human services agencies and other organizations that assist people in financial need.

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- Include information on Financial Assistance, including a contact number, in patient bills and through oral communication with uninsured and potentially underinsured patients.
- Provide financial counseling to patients about their LPCH bills and make the availability of such counseling known. (Note: it is the responsibility of the patient or the patient's Guarantor to schedule assistance with a financial counselor.)
- Provide information and education on its Financial Assistance and collection policies and practices available to appropriate administrative and clinical staff.
- Encourage referral of patients for Financial Assistance by LPCH representative or medical staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains and religious sponsors.
- Encourage and support requests for Financial Assistance by a patient, a patient's Guarantor, a family member, close friend or associate of the patient, subject to applicable privacy laws.
- Respond to any oral or written requests for more information on the Financial Assistance Policy made by a patient or any interested party.

V. RELATED DOCUMENTS

- A. [LPCH Financial Assistance Application](#)
- B. [Federal Poverty Guidelines](#)
- C. [Administrative Manual Policy: Uninsured Patient Discount](#)
- D. [Administrative Manual Policy: Debt Collection Policy](#)
- E. [LPCH EMTALA Policies](#)

VI. DOCUMENT INFORMATION

- A. Legal Authority/References
 1. California Health and Safety Code Sections 127400 to 127446, as amended.
 2. California Code of Regulations, Title 22

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3. Federal Patient Protection and Affordable Care Act, Section 501(r) of the Internal Revenue Code and regulations promulgated thereunder.
- B. Author/Original Date
October 2004, David Haray, Vice President, Patient Financial Services
 - C. Gatekeeper of Original Document
LPCH Administrative Manual Coordinator and Editor
 - D. Distribution and Training Requirements
 1. This policy resides in the Administrative Manual of Lucile Packard Children's Hospital Stanford.
 2. New documents or any revised documents will be distributed to Administrative Manual holders. The department/unit/clinic manager will be responsible for communicating this information to the applicable staff.
 - E. Review and Renewal Requirements
This Policy will be reviewed every three years and as required by change of law or practice. Any changes to the policy must be approved by the same entities or persons who provided initial approval.
 - F. Review and Revision History
October 2004, Shoshana Williams, Director, Patient Financial Services
October 2004, David Haray, Vice President, Patient Financial Services
April 2005, David Haray, Vice President, Patient Financial Services
January 2007, Office of General Counsel
January 2007, T. Harrison, Director of Patient Representatives
June, 2007, Sarah DiBoise, Chief Hospital Counsel, Gary May, VP Managed Care SUMC, David Haray, VP Patient Financial Services, SUMC
February 2011, B.Bialy (PFS) and S.Shah (Clinical Accreditation)
March 2013, M. Miller (PASC Dir), B. Kelsey (PFS CRO)
December 2014, Andrea M. Fish, Office of General Counsel
March 2015, Andrea M. Fish, Office of General Counsel
 - G. Approvals
September 2005, David Haray, VP Patient Financial Services
January 2007, S. DiBoise, Chief Hospital Counsel
September 2007, LPCH Board of Directors Public Policy and Community Service Committee
January 2011, LPCH VP Ops

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April 2011, LPCH Board of Directors Public Policy and Community
Service Committee
March 2013, LPCH VP Ops
January 2015, LPCH VP Ops
April 2015, LPCH Finance Committee

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