

CHARITY CARE & UNINSURED PATIENT POLICY

I. POLICY

By virtue of their exemption from federal and state taxes and as a part of their mission to serve the healthcare needs of their communities, each hospital within the East Texas Medical Center Regional Healthcare System (System) will provide charity care to patients who meet the criteria of this policy and do not have the financial means to pay for hospital services.

Charity care will be provided to patients who present themselves for care at a System hospital without regard to age, sex, race, creed, color, or national origin and who are classified as financially indigent or medically indigent according to the terms of this policy.

Each hospital within the System reserves the right to limit charity care on a monthly and annual basis consistent with Texas state law and the hospital's financial resources. Each hospital reserves the right to refuse charity care for elective care.

A discount from the hospital's retail charges will be made available to uninsured patients who do not qualify for charity care, under the terms of this policy.

II. DEFINITIONS

a. **Bad Debt** Charges resulting from treatment for services provided to a patient and/or guarantor who, having the requisite financial resources to pay for healthcare services, has demonstrated by his/her actions an unwillingness to comply with the contractual arrangements to resolve a bill or satisfy their outstanding obligations.

b. **Charity Care** Inpatient and outpatient medical treatment and diagnostic services for uninsured or underinsured patients who cannot afford to pay for the care according to the guidelines of this Policy. Charity Care does not include bad debt or contractual allowances from government programs and insurance, or Uninsured Patient Discounts, but may include insurance co-payments or deductibles, or both. The patient will have no obligation, or a discounted obligation, to pay for any services received which are deemed to be Charity Care under this Policy.

c. **Contractual Allowance** The difference between the level of payment established under a contractual agreement and the patient's billable charges.

d. **Elective Care** The patient's condition permits time for medical services to be scheduled.

e. **Emergency Care** The patient requires immediate medical intervention due to a severe, life-threatening, or potentially disabling condition. Generally the patient is admitted through the emergency room.

f. **Patient** The terms "patient" and "person" are used throughout this Policy for ease of understanding and drafting. This Policy applies to the guarantor of the patient's account, and the term guarantor is interchangeable with the terms patient and person throughout this Policy, when the guarantor is different from the Patient.

g. **Retail Charges** The standard rates charged to all patients, which do not reflect any contractual allowances or discounts. These rates are commonly referred to as "gross" charges in the healthcare industry.

h. **Uninsured Patient** A person receiving healthcare services who does not have private healthcare insurance, and is not qualified to participate in a governmental program which provides healthcare benefits to its eligible participants (such as Medicare or Medicaid), and for purposes of this Policy does not qualify for Charity Care.

i. **Uninsured Patient Discount** The amount of discount applied to Retail Charges incurred by Uninsured Patients.

j. **Urgent Care** The patient requires immediate attention for the care and treatment of a physical or mental disorder. Generally the patient is admitted to the first available and suitable accommodation.

III. CHARITY CARE ELIGIBILITY CRITERIA

A. Financially Indigent

a. A financially indigent patient is a person who is uninsured or underinsured and whose bill will result in no obligation or a discounted obligation to pay for the services rendered based on the eligibility criteria set forth in this policy.

b. To be eligible for charity care as a financially indigent patient, a person's income shall be at or below the percentage of the federal poverty guidelines noted at Exhibit A. The hospital may consider other financial means of the person when determining eligibility.

c. The hospital will use the most current poverty income guidelines issued by the U.S. Department of Health and Human Services to determine an individual's eligibility for charity care as a financially indigent patient. The poverty income guidelines are published in the Federal Register in the Spring

of each year and for purposes of this policy will become effective the first day of the month following the month of publication.

d. The System may adjust the eligibility criteria from time to time based on financial resources and as necessary to meet the charity care needs of each community. The System may limit charity care to only those patients requiring emergency or urgent care.

e. Patients with a current Texas Medicaid card will be considered to be financially indigent with regard to any unpaid balances.

B. Medically Indigent

a. A medically indigent patient is a person whose unpaid hospital charges exceed their ability to pay and whose remaining bill will result in no obligation or a discounted obligation to pay for the services rendered, based on the eligibility criteria set forth in this policy.

b. To be eligible for charity care as a medically indigent patient, the amount owed by the patient on the hospital bill after payment by third-party payers, if applicable, must exceed the percentage of the patient's annual gross income noted at Exhibit B, and the patient must be unable to pay the remaining bill. The hospital may consider other financial means of the person when determining ability to pay.

c. Charity care for the medically indigent may be provided in an amount that is less than the patient liability.

d. The System may adjust the eligibility criteria from time to time based on financial resources and as necessary to meet the charity care needs of each community. The System may limit charity care to only those patients requiring emergency or urgent care.

IV. UNINSURED PATIENT DISCOUNT ELIGIBILITY CRITERIA

a. An uninsured patient who does not qualify as financially or medically indigent shall receive a discount according to Exhibit C.

b. The discounts made available to uninsured patients are permitted under the terms of Senate Bill 500 passed by the 79th Legislature of the State of Texas, Regular Session.

V. PROCEDURE

A. Identification of Charity Cases

a. Hospitals will inform each patient of the charity care program and how to apply for charity care. This will be done by posting notices in each patient

registration area and providing a written notice to each patient. An additional notification shall be provided on the System's web-site (www.etmc.org).

b. The Business Office will attempt to identify all cases that may qualify as charity at the time of admission, and ask the patient to apply at that time.

c. Patients who desire to apply for charity care shall complete a Financial Assistance Application form and return it to the specific address so noted for the particular hospital they are requesting charity care from.

d. The Business Office will refer those patients who may qualify for financial assistance from a governmental program to the appropriate program, such as Medicaid.

e. As soon as sufficient information is available concerning the patient's financial resources and eligibility for governmental assistance, a determination will be made concerning the patient's eligibility for charity. In most cases, the determination decision will be made within 10 business days. A written notice will be mailed to the patient informing them of the determination decision. No collection efforts will be pursued on a charity account after such determination is made.

B. Factors to be Considered for Charity Determination

The following factors are to be considered in determining the eligibility of the patient for charity care:

- gross income
- family size
- employment status
- other financial resources
- other financial obligations
- the amount and frequency of hospital/medical bills

The federal poverty income guidelines are explained at the Appendix to this policy. The definitions of family and income are included in the Appendix and will be used in all charity eligibility determinations.

C. Failure to Provide Appropriate Information

Failure to provide information necessary to complete a financial assessment may result in a negative determination, but the account may be reconsidered upon receipt of the required information.

A determination of eligibility for charity may be made without a completed assessment form if the patient or information is not reasonably available and eligibility is warranted under the circumstances. An example would be a person residing in the Salvation Army shelter.

D. Documentation of Eligibility Determination

Once an eligibility determination has been made, the results of the determination will be noted in the comments section of the patient's financial record.

E. Recordkeeping and Reporting of Charity Care

a. All completed Charity Care applications will be retained and kept on file for five (5) years. A copy of the patient's Charity Care application and all correspondence with the patient regarding the Charity Care application, approval, denial and appeal will be maintained in the patient's file.

b. Information regarding the amount of charity care provided by the hospital in its' fiscal year shall be aggregated and included in the hospital's annual report filed with the Bureau of State Health Data and Policy analysis at the Texas Department of State Health Services. This report also will include information concerning the provision of government-sponsored indigent health care and other community benefits.

F. Uninsured Patient Discount

An uninsured patient discount will be applied to all uninsured patients who do not apply for, or do not meet the criteria of, the requirements for receiving charity care. The amount of the discount is noted at Exhibit C, and may be changed by the System from time to time.

East Texas Medical Center Regional Healthcare System
Charity Care & Uninsured Patient Policy

Exhibit A
Financially Indigent

Current Federal Poverty Guidelines (2008)		(Category A) (150% of FPG*)		(Category B) (200% of FPG*)		
Size of Family Unit	Maximum Family Income	If Income Does Not Exceed **	Charity Care Amount	If Income Does Not Exceed **	Amount of Each Monthly Payment	Charity Care Amount
1	\$ 10,400	\$ 15,600	100%	\$ 20,800	\$ 20	Charges, less monthly payments due
2	14,000	21,000	100%	28,000	20	
3	17,600	26,400	100%	35,200	20	
4	21,200	31,800	100%	42,400	20	
5	24,800	37,200	100%	49,600	20	
6	28,400	42,600	100%	56,800	20	
7	32,000	48,000	100%	64,000	20	
8	35,600	53,400	100%	71,200	20	
ea. Add'l Person	3,600	5,400	100%	7,200	20	"

Explanation:

A person is Financially Indigent under Category A, if their income does not exceed 150% of the FPG and their financial means are insufficient to render a payment for unpaid charges for services received.

Persons qualifying under Category A receive charity care equal to unpaid charges.

A person is Financially Indigent under Category B, if their income does not exceed 200% of the FPG and their financial means are insufficient to render a payment for unpaid charges for services received.

Persons qualifying under Category B are required to make monthly payments for 24-months as noted above, receiving charity care for the balance of the unpaid charges remaining.

* FPG (Federal Poverty Guidelines)

** In addition to meeting the income guidelines, a person's other financial means will be considered in the charity care determination process.

East Texas Medical Center Regional Healthcare System
Charity Care & Uninsured Patient Policy

Exhibit B
Medically Indigent

Current Federal Poverty Guidelines (2008)		Maximum Income Levels**			Minimum Unpaid Hospital Charges		
Size of Family Unit	Maximum Family Income	250% FPG*	300% FPG*	>300% FPG*	250% FPG*	300% FPG*	>300% FPG*
1	\$ 10,400	\$ 26,000	\$ 31,200	\$ > 31,200	\$ 2,600	\$ 3,120	10% of
2	14,000	35,000	42,000	> 42,000	3,500	4,200	actual
3	17,600	44,000	52,800	> 52,800	4,400	5,280	annual
4	21,200	53,000	63,600	> 63,600	5,300	6,360	income
5	24,800	62,000	74,400	> 74,400	6,200	7,440	"
6	28,400	71,000	85,200	> 85,200	7,100	8,520	"
7	32,000	80,000	96,000	> 96,000	8,000	9,600	"
8	35,600	89,000	106,800	> 106,800	8,900	10,680	"
ea. Add'l Person	3,600	9,000	10,800	> 10,800	900	1,080	"
Unpaid charges as % of income					10%	10%	10%
Amount of each monthly payment					\$ 40	\$ 50	\$ 60
Number of months payments are due					24 mo's.	24 mo's.	24 mo's.

Explanation:

A person is Medically Indigent if their unpaid hospital charges exceed the amounts listed in the table above, for the corresponding family income levels and their financial means are insufficient to render a payment for services received. Persons qualifying as Medically Indigent will be responsible for 24-monthly payments as noted above, and receive charity care for the balance of unpaid charges.

* FPG (Federal Poverty Guidelines)

** In addition to meeting the income guidelines, a person's other financial means will be considered in the charity care determination process.

A person without healthcare insurance, who does not qualify for charity care, shall receive an uninsured patient discount.

Uninsured patients will receive a general discount as noted below. In addition, each System hospital may offer specific pricing to uninsured patients for certain common services by utilizing a predetermined pricing list which is available to uninsured patients for their review prior to receiving services. The specific discounts may be equal to or greater than, but not less than, the general discount amount.

The amount of the general discount is:

<u>Effective Date:</u>	<u>General Discount Amount</u>
November 1, 2005	30.0%