

 Llano Regional Hospital		Owner: Maria DeLuna Director of Business Office
DEPARTMENT: Business Office		Eff Date: 04/2025 Next Review: 04/2027
SUBJECT: Charity Care Program	Revised:	Page: 1 of 7

I. POLICY:

All Patients who cannot provide major medical insurance, Medicare, Medicaid or other third-party payment services and who request assistance through the Llano Regional Hospital (Hospital); Charity Care Program (CCP) will be screened for their ability to pay charges. Also, those patients with insurance whose co-insurance amount is excessively high may apply under the same CCP guidelines as those with no insurance. Hospital reserves the right to refuse assistance for debts incurred due to drug and/or alcohol related diagnosis. The amount of charity applied to an account will be determined by the guidelines established through this policy. Charity care does not include private physician charges, tests performed by other facilities, or care provided in other hospitals. Charity care will always be a payer of last resort. A program will be established to monitor and verify all charity applications.

II. STATEMENT OF PURPOSE

As part of the Hospital's mission to serve the health care needs of Llano County, and as required to be a Medicare provider, Hospital will provide financial assistance to patients without financial means to pay for Hospital services.

Financial assistance will be provided to all qualifying patients who present themselves for care at Hospital without regard to race, religion, sexual orientation or national origin and who are classified as financially indigent or medically indigent according to this policy.

Hospital shall determine the ability of patients and/or legally responsible individuals to make payments for Hospital services taking into consideration the rights and human dignity of the individual. Every effort shall be made to stimulate an attitude of independence through encouraging the person to develop his or her own resources; however, prompt determination of need and supplying care and treatment is in the best interest of the patient's welfare.

The individual's right of self-determination dictates the retention of choice of whether or not he or she seeks financial assistance. Therefore, in all cases the request for aid and the proof of eligibility is the responsibility of the patient. Hospital will maintain the confidentiality of patients' financial and medical information.

The Policy is intended as a guideline for determining eligibility of the individual and the charity responsibility of the Hospital. Because the policy addresses individuals in a healthcare environment, it may become necessary for the Hospital to make an exception or to override this policy. With appropriate documentation, the Hospital Administrator along with approval from the Chief Financial Officer may make exceptions in catastrophic cases.

CHARITY CARE PROGRAM (Cont.)

III. DOCUMENTATION

1. Each patient applicant will be required to complete and sign the Charity Care Questionnaire and Application in forms similar to that attached as Exhibit A.
2. Data requiring verification to determine eligibility for Charity Care Program are in the areas of patient identification, income and patient or responsible party, debt and financial responsibilities, and the number of dependents in the family.
3. Identity may be established by producing any two (2) of the following:
 - a. Social Security Card
 - b. Driver's License
 - c. Voter Registration
 - d. Credit Card
 - e. Employee Identification
 - f. Birth Certificate
 - g. Baptismal Record
 - h. School Transcript
 - i. Marriage License
 - j. Medicaid or Medicare Card
4. The following sources must be included as income verification. Verification of these sources of income and amounts requires last year's IRS 1040 Form or W-2 or a statement from an employer. Check stubs may also be used to determine current income status.
 - a. Wages and Salaries before deduction
 - b. Self-Employment Income
 - c. Farm Income
 - d. Public Assistance
 - e. Social Security
 - f. Unemployment Benefits
 - g. Worker's Compensation
 - h. Strike Benefits
 - i. Veteran's Benefits
 - j. Child Support
 - k. Pensions
 - l. Annuities
 - m. Income from Dividends
 - n. Income from Interest
 - o. Rents
 - p. Royalties
 - q. Income from Estates and Trusts
5. Proof of dependency is the responsibility of the applicant. Any person dependent on the family income for over 50% of his or her support may be considered a dependent. Dependency may be evidenced by any of the following:

CHARITY CARE PROGRAM (Cont.)

- a. Current Income Tax 1040 and 1040A, listing dependents
 - b. School Records
 - c. Birth Records
 - d. Hospital Records
 - e. Baptismal Records
 - f. Proof of Guardianship
 - g. AFDC Records
6. Copies of all documents used for certification of identity, income and dependency will be attached to the Charity Care Questionnaire and retained in Hospital's records.
7. When proof of identity, income and dependency have been established, the patient's financial qualifications will be established from the Charity Care formula, as attached at Exhibit B.
8. When it is established that the patient is to be either Charity or Partial Pay, the following processes will take place:
 - a. Patient or guarantor will be required to either pay or sign a note and make arrangements to pay the obligations, if any.
 - b. The balance of the account will be reduced if patients qualify.
 - c. If the patient qualifies under the CCP, then that determination will be effective for the next six (6) months from the date of determination.

III. ELIGIBILITY

1. Financially Indigent

- a. A financially indigent patient is defined as a person who is uninsured or underinsured and is accepted for care with no obligation or a discounted obligation to pay for the services rendered based on the Hospital's eligibility criteria set forth in the policy.
- b. To be eligible for complete financial assistance as a financially indigent patient, a person's income shall be: (i) at or below **300 percent** for the federal poverty guidelines; (ii) between **300 and 700 percent** a sliding scale benefit is available; and (iii) for patients with income exceeds **700 percent** of the poverty guidelines may be eligible to receive discounted rates or adjustments based on charity care provisions, based on a case by case basis on their specific circumstances the final determination of such shall be solely within the Hospital's discretion, The Hospital may consider other financial assets and liabilities 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 usually published in the Federal Register in February of each year and for purposes of this policy will become effective the first day of the month following the month of publication.

CHARITY CARE PROGRAM (Cont.)

- d. Other than as stated in Paragraph (b)(iii) in no event will the Hospital establish eligibility criteria for financially indigent patients which base the income level for financial assistance lower than that required for counties under the Texas Indigent Health Care and Treatment Act, or higher than **300 percent** of the federal poverty guidelines. The Hospital may, however, adjust the eligibility criteria from time to time based on financial resources of the Hospital and as necessary to meet the financial assistance needs of the community.

2. Medically Indigent

- a. A medically indigent patient is defined as a person who's medical or hospital bills after payment by third-party payers exceed a specified percentage of the person's annual gross income as established in this policy and who is unable to pay the remaining bill.
- b. To be eligible for financial assistance as a medically indigent patient, the amount due and owing by the patient on the Hospital bill after payment by third party payers must exceed 30 percent of the patient's annual gross income and the patient must be unable to pay the remaining bill. The Hospital may consider other financial assets and liabilities of the person when determining ability to pay. Hospital bills greater than 30 percent of annual income may be eligible for discount, subject to Hospital approval.
- c. A determination of a patient's ability to pay the remainder of the bill will be based on whether the patient can reasonably be expected to pay the account in full over a three (3) year period.
- d. If a determination is made that a patient has the ability to pay the remainder of the bill, such a determination does not prevent a reassessment of the patient's ability to pay at a later date.

3. Presumptive financial Assistance Eligibility

There are instances when a patient may appear eligible for charity care discounts, but there is no financial assistance from on file due to a lack of supporting documentation. Often there is adequate information provided by the patient or through other sources, which could provide sufficient evidence to provide the patient with charity care assistance. In the event there is no evidence to support a patient's eligibility for charity care, the Hospital could use outside agencies in determining estimate income amounts for the basis of determining charity care eligibility and potential discount amounts. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted is a 100% write off of the account balance. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

- a. State-funded prescription programs
- b. Homeless or received care from a homeless clinic
- c. Participation in Women, Infants and Children programs (WIC)
- d. Food stamp eligibility

CHARITY CARE PROGRAM (Cont.)

- e. Subsidized school lunch program eligibility
- f. Eligibility for other state or local assistance programs that are unfunded (e.g., Medicaid spend-down)
- g. Low Income/subsidized housing is provided as a valid address
- h. Patient is deceased with no known estate
- i. Historical significance of non-payment that establishes a justification of future non-payment and lack of ability to pay.

4. Amount Generally billed (AGB)

For those uninsured patients/individuals eligible for a discount, they will be responsible for paying no more than thirty (30%) of the total gross charges owed on their hospital bills. The AGB for Hospital is calculated by taking the average reimbursement as a percentage of the total claims allowed by Medicare and all private health insurers over the past fiscal year (Oct.-Sept.) that pay claims to the hospital.

Patients whose family exceeds 351% of the PFL may be eligible to receive discounted rates on a case-by-case basis based on their specific circumstances, such as catastrophic illness or medical indigence, at the discretion of Hospital; however, the discounted rate shall not be greater than the amounts generally billed to commercially insured patients.

5. Relationship to Collection Policies

Hospital management shall develop policies and procedures for internal and external collection practices. These collection practices include actions the hospital may take in the event of non-payment, including collections action and reporting to credit agencies. Additionally, these collection practices shall also take into account the extent to which the patient qualifies for charity, patient's good faith effort to apply for a governmental program or for charity from Hospital, and a patient's good faith to comply with this or her payment agreements with Hospital. For patient who qualify for charity and who are cooperating good faith to resolve their discounted hospital bills, Hospital may offer extended payment plans, shall not send unpaid bills to outside collection agencies, and may cease all collection efforts. Hospital will not impose extraordinary collections actions such as wage garnishments; liens or primary residences, or other legal actions for any patient without first making reasonable efforts to determine whether that patient is eligible for charity care under this financial assistance policy. Reasonable efforts shall include.

- a. Validating that the patient owes the unpaid bills and that all sources of third-party payment have been identified and billed by the hospital
- b. Documentation that Hospital has or has attempted to offer the patient the opportunity to apply for charity care pursuant to this policy and the patient has not complied with the hospital's application requirements
- c. Documentation that the patient does not qualify for financial assistance on a presumptive basis
- d. Documentation that the patient has been offered a payment plan but has not honored the terms of that plan.

CHARITY CARE PROGRAM (Cont.)

IV. PROCEDURE

1. Identification of financial Assistance Cases

- a. The Hospital will post notice of its financial assistance program and how a patient may apply for financial assistance.
- b. The Hospital's chief Financial Officer or a designee will attempt to identify all cases that will qualify as financially indigent cases at the time of Hospital admission. Patients identified as possible financial assistance cases will be offered to complete a financial assistance form (Exhibit A).
- c. The Hospital's Chief Financial Officer or designee will refer those patients who may qualify for financial assistance from a government program to the appropriate program (e.g. Medicaid). Patients who are eligible for Medicaid and other indigent health care programs shall be reported as government-sponsored indigent health care, by the Hospital.
- d. As soon sufficient information is available concerning the patient's financial resources and eligibility for government assistance, a determination will be made concerning the patient's eligibility for financial assistance. No collection efforts will be pursued on a financial assistance account after such determination.
- e. The current federal poverty income guidelines are included in this policy as Attachment C. This guideline is to be updated annually based on federal data. The definition of "family income" and "exclusions from income" are included in the poverty guidelines and will be used in all financial assistance eligibility determinations.

2. Failure to Provide Appropriate Information

Failure to provide information necessary to complete a financial assessment may result in a negative determination; however, the account may be reconsidered upon Hospital receipt of the required information. A determination of eligibility for financial assistance may be made without a completed assessment form if the patient or information is not reasonably available adequate information provided by the patient or through other sources, which could provide sufficient evidence to provide the patient with charity care assistance. In the event there is no evidence to support a patient's eligibility for charity care, the Hospital could use outside agencies in determining estimate income amounts for the basis of determining charity care eligibility and potential discount amounts. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted is a 100% write off of the account balance. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

- a. State-funded prescription programs
- b. Homeless or received care from a homeless clinic
- c. Participation in women, Infants and Children programs (WIC)
- d. Food stamp eligibility
- e. Subsidized school lunch program eligibility
- f. Eligibility for other state or local assistance programs that are unfunded (e.g., Medicaid spend-down)
- g. Low income/subsidized housing is provided as a valid address
- h. Patient is deceased with no known estate

CHARITY CARE PROGRAM (Cont.)

- i. Historical significance of non-payment that establishes a justification of future non-payment and lack of ability to pay.

3. Time Frame for Eligibility Determination

A determination of eligibility will be made by the Hospital's Chief Financial Officer or his/her designee within ten (10) working days after receipt of information necessary to make a determination.

4. Approval of financial Assistance

Either the Hospital's Chief Financial Officer or designee shall approve or disapprove the financial assistance application. The patient will be notified in writing of the approval or denial. As a practical consideration, approval shall be valid for six (6) months from the date of determination. However, should information indicate the patient's financial resources have materially improved, the Chief Financial Officer or designee may require a new financial assistance application prior to the expiration of the normal six (6) month coverage.

5. Exclusions

The Financial Assistance Policy does NOT COVER: cosmetic procedures, services provided by providers who are not employed by Llano Regional Hospital, or providers who bill separately from the Hospital for their services (including Radiology, Pathology, Hospitalists, Emergency Room Physicians and Anesthesiologist).

ATTACHMENTS:

EXHIBIT A – Eligibility Documents

EXHIBIT B – Application for Health Care Assistance

EXHIBIT C – Medical Financial Assistance Discount Income Ranges

Board Approval:	<u>L. R. Will</u>	Date:	<u>4/1/2025</u>
Quality Committee Approval:	<u>Judy Landrum</u>	Date:	<u>4/1-2025</u>
CEO/Administrator:	<u>Diana W. [Signature]</u>	Date:	<u>5-19-2025</u>

EXHIBIT A

ELIGIBILITY ON OUR PROGRAMS DO NOT QUALIFY AS HAVING A QUALIFIED HEALTH INSURANCE PLAN

INSTRUCTIONS FOR CHARITY HEALTH CARE APPLICATION

BEFORE YOUR APPLICATION WILL BE CONSIDERED,

YOU WILL NEED TO PROVIDE THE FOLLOWING INFORMATION:

- (1) Copy of last 6 (six) paycheck stubs for ALL household members.
- (2) Copy of Current Income Tax Return (forms 1040) and all W-2's
- (3) Copy of Current Utility Bill to Verify your home address
- (4) Current Driver's License or I.D. Card
- (5) Social Security Card
- (6) Birth Certificate
- (7) Unemployment Award Letter
- (8) Workman's comp Award Letter
- (9) Social Security Award Letters
- (10) Food Stamp / TANF / Medicaid Award Letters and Copy of Medicaid / CHIPS Cards
- (11) Copy of Current Checking / Savings Accounts Bank Statements (including IRA's, CD's, etc.) for ALL household members
- (12) Copy of all Vehicle Titles or Copy of Vehicle Loan contracts
- (13) Proof of All other household Income (Spouses' Income, Child Support, Odd Jogs, etc.)
- (14) Copies of all Current Health Insurance Cards

If you have any questions, please call 325-216-9199.

ALL INFORMATION MUST BE CURRENT AND SUBMITTED WITH THE APPLICATION