



## **Financial Assistance (Charity Care and Discounted Care)**

POLICY NUMBER: ADM - 043.0

ORIGINAL DATE: 04/27/05

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PREVIOUS NAME/NUMBER: LDR - 33.0

### **PURPOSE:**

Children’s Hospital Los Angeles (“CHLA”) recognizes that many persons in our community require medically necessary health care services, but are uninsured, underinsured, ineligible for government health programs or otherwise without adequate financial resources to pay for health care services. CHLA is committed, to the extent of its financial ability, to make medically necessary services available for those not able to pay. In order to manage its resources responsibly and to allow CHLA to provide the appropriate level of assistance to persons in need, CHLA has adopted the following guidelines for the provision of Charity Care and Discounted Care (“**Financial Assistance**”). Accordingly, the purpose of this policy is to describe:

- The eligibility criteria and application process to obtain Financial Assistance under this policy;
- The limits on the amounts that CHLA will charge for emergency or other medically necessary care provided to individuals eligible under this policy;
- The basis for calculating amounts charged to patients eligible for Financial Assistance under this policy; and
- How CHLA will publicize the policy within the community served by the hospital.

CHLA’s commitment to this policy is not a substitute for personal responsibility. Instead, patients and their Families are expected to cooperate with CHLA’s procedures for obtaining Financial Assistance and/or third party payment, and to contribute to the cost of their care based on their ability to pay. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so to assure access to health care services and for protection of their individual assets.

### **DEFINITIONS:**

“**Charity Care**” means a waiver of a patient’s financial obligation for the entire amount of the charges

for services rendered by CHLA.

**“Applicable Parameters of the Federal Poverty Level”** means (i) at or below 350% for Charity, or (ii) at or below 400% for Discount.

**“Discounted Care”** means that the patient will be offered a discount off of CHLA’s gross charges for services rendered by CHLA.

**“Emergency Physician”** means a physician who is credentialed by a hospital and is contracted by the hospital to provide emergency medical services in the emergency department of the hospital.

**“Essential Living Expenses”** means expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses (including insurance, gas and repairs), installment payments, laundry and cleaning expenses, and other extraordinary expenses.

**“Federal Poverty Level”** means the poverty guidelines updated periodically in the Federal Register by the US Department of Health and Human Services. Current guidelines can be referenced at <http://aspe.hhs.gov/POVERTY/>.

**“Financially Qualified Patient”** means a patient who is both of the following (i) a patient who is a self-pay patient or a patient with high medical costs, AND (ii) a patient who has a Gross Monthly Household Income that falls within the applicable parameters of the federal poverty level.

**“Gross Monthly Household Income”** means the total compensation received by the household before taxes, deductions, and less payment made for alimony and child support. Such income includes compensation from a number of sources such as salaries, wages and bonuses received from employment or self-employment, dividends and distributions received from investments, rental receipts from real estate investments, profit-sharing from a business, etc. Annual earnings may be determined by annualizing the Family’s income year-to-date.

**“High Medical Costs”** means that either: (i) annual out-of-pocket costs incurred by the patient at CHLA exceed 10% of the patient’s Family’s Income during the last 12 months or (ii) annual out-of-pocket expenses incurred with any provider exceed 10% of the Family’s Income during the last 12 months.

**“Household”** means: (i) for a patient 18 years of age and older, the patient and the patient’s spouse, Domestic Partner<sup>1</sup> and dependent children under 21 years of age, whether living at home or not; and (ii) for a patient under 18 years of age, that patient’s parent, caretaker relatives and other children of the parent or caretaker relative who are under 21 years of age.

**“Monetary Assets”** means all liquid assets (cash, money in savings and checking accounts, stocks, etc.) with the exception of the first \$10,000 of a Family’s liquid assets and 50% of the Family’s liquid assets over the first \$10,000. “Monetary Assets” does not include retirement or deferred compensation plans qualified under the Internal Revenue Code or non-qualified deferred-compensation plans.

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<sup>1</sup> A **“Domestic Partner”** is defined by California Family Code Section 297.

**“Self-Pay”** means a patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medi-Cal, and whose injury is not compensable through workers’ compensation, automobile insurance, or other insurance. **“Self-Pay”** does not refer to a patient who has third-party coverage, but who refuses to use it.

**“Uninsured Patient”** means 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 CHLA.

## **PROCEDURE:**

### **1. Services Eligible under This Policy**

- A. CHLA offers Financial Assistance for the following categories of healthcare services provided by the hospital:
  - (i) Emergency medical services; and
  - (ii) Medically necessary services, as determined by an examining physician.
- B. Notwithstanding anything to the contrary, it is the policy of CHLA to provide, without discrimination, care for emergency medical conditions, as set forth in the Emergency Medical Treatment and Active Labor Act (EMTALA), to all individuals regardless of their eligibility under this policy. EMTALA policies and procedures are set forth in more detail in another policy or policies of CHLA.
- C. Physicians, surgeons, and other providers who are employed by Children’s Hospital Los Angeles Medical Group (“CHLAMG”) are not employees of CHLA; and while their services are not eligible for Financial Assistance under CHLA policy, they may offer financial assistance under the CHLAMG’s applicable policy. Additionally, CHLAMG has its own policy regarding discounted emergency physician services for uninsured patients or patients with high medical costs. For more information on this policy, please contact Pediatric Management Group customer service at (323) 361-2336.

### **2. Patient Eligibility Criteria**

Patients who are unable to pay for all or part of the cost of medically necessary care, and who may have exhausted private and/or public medical coverage sources may be eligible. Eligibility for Financial Assistance (Charity Care and Discount Care) will be determined based on an individualized evaluation of a patient’s financial need in accordance with this policy. CHLA shall not take into account age, gender, race, social or immigrant status, sexual orientation, or religious affiliation in making eligibility determinations.

- A. Prior to being considered for eligibility, patients are required to apply for public and/or

private coverage, such as Medicare, Medi-Cal, Low Income Subsidy available to Medicare Part D recipients (LIS), or Healthy Families, for which they may be eligible. Patients shall be assisted by CHLA's Patient Business Services Office as needed, in determining linkage to these programs, and in applying for such coverage.

- B. Patients will undergo means testing. Gross Monthly Household Income will be verified by documented proof of income or by an electronic verification tool. Income thresholds are as follows:
  - a. Income at or below 350% of the FPG: These patients are eligible for full financial assistance and / or pharmacy waiver, at 100% of patient liability, for the duration for their award.
  - b. Income above 350%, but at or below 400% of the FPG: These patients are eligible for a discount to the patient liability amount, for the duration of the award for medical services.
  - c. Patients whose Gross Monthly Household Income does not fall within the applicable parameters of the Federal Poverty Level are not eligible to receive Financial Assistance under this policy.
- C. Assets, if considered in the determination, may not include retirement or deferred compensation plans as qualified under the Internal Revenue Code, or other non-qualified deferred compensation plans.
- D. CHLA may, solely at its discretion, and dependent upon the facts and circumstances of each case, nevertheless grant Financial Assistance to patients who are not otherwise eligible under this Policy.

### **3. Application Process**

- A. CHLA's values of human dignity and stewardship shall be reflected in the application process, financial need determination and granting of Financial Assistance.
- B. To submit an application for Financial Assistance, a completed application form and required documentation must be submitted to CHLA's Patient Business Services Office in person or mailed to Patient Business Services, Mailstop 26, Children's Hospital Los Angeles, 4400 Sunset Boulevard, Los Angeles, California 90027. Applications may be made by the patient or a family member, close friend, or associate of the patient, subject to applicable privacy laws. The application itself, additional information about CHLA's Financial Assistance policy, and assistance with the application process can be obtained by contacting representatives of CHLA's Patient Business Services Office at (800) 404-6627.
- C. It is preferred but not required that a request for Charity Care or Discounted Care and a determination of financial need occur prior to the rendering of non-emergency medically necessary services. However, an eligibility determination may be done at any point in the collection cycle. Eligibility for Financial Assistance shall be re-evaluated at each subsequent time of services if the last financial evaluation was completed more than a year prior, or at any time additional information relevant to the eligibility of the patient becomes known.
- D. Determination of a patient's eligibility for Financial Assistance may be delayed until CHLA

is in receipt of all of the information and documentation indicated in this policy or in the application for Financial Assistance. An applicant is expected to make every reasonable effort to provide CHLA with the information required under this policy and the application. Applicants have 30 days to submit all of the required documentation. If an application is not complete, Patient Business Services will attempt to reach the applicant by phone to obtain the required information. If Patient Business Services is not able to reach the applicant by phone for a period of one week, a letter will be sent to the applicant at the applicant's last known address requesting the required information. The letter will be in English and in the language the patient's family speaks. If there is no response from the applicant within 30 days of the mailing of the letter requesting the missing information, CHLA may consider the application abandoned and may deny the application.

- (i) All applicants for Charity Care or Discounted Care may be required to provide recent pay stubs and/or income tax returns. CHLA will not ask for other proof of income. All applicants may also be required to provide a list of monthly Family household expenses including alimony and child support obligations.
  - (ii) All applicants seeking Charity Care may be required to provide a list of the Family's Monetary Assets. CHLA may require the Family to authorize CHLA to obtain account information from financial or commercial institutions or other entities that hold or maintain Monetary Assets in order to verify their value. CHLA will not consider the first \$10,000 of a Family's Monetary Assets and 50% of the Family's Monetary Assets over the first \$10,000 in making an eligibility determination.
  - (iii) Any applicant with any form of health insurance may be required to provide documentation of the Family's out-of-pocket medical expenses paid by the Family during the preceding 12 months.
  - (iv) Other documents may be required as indicated on the application for Financial Assistance. CHLA does not use information obtained from sources other than the patient seeking Financial Assistance (or his or her representatives) to make determinations regarding a patient's eligibility for Financial Assistance under this policy.
- E. Complete applications for Financial Assistance shall be processed promptly and CHLA shall notify an applicant in writing within 30 days of receipt of a complete application whether the applicant is eligible for Charity Care or Discounted Care.
- F. In the event Patient Business Services denies Financial Assistance to an applicant, the applicant may seek review of that determination by contacting the Director, Patient Financial Services, who will review the matter with the Chief Financial Officer of CHLA. The Chief Financial Officer's determination regarding the applicant's eligibility will be final.
- G. The fact that a patient has applied or has a pending application for another health coverage program at the time the patient applies for Charity Care or Discounted Care at CHLA will not preclude eligibility for either program.

#### 4. Amount of Financial Assistance

The types of Financial Assistance available to eligible patients under this policy are as follows:

- A. Charity Care: Patients whose Gross Monthly Household Income is at or below 350% of the Federal Poverty Level and who satisfy the other requirements of this Policy are eligible to receive Charity Care (a waiver of the patient's financial obligation for the entire amount of gross charges for services rendered by CHLA).
- B. Discounted Care: Patients whose Gross Monthly Household Income is above 350% but at or below 400% of the Federal Poverty Level and who satisfy the other requirements of this policy are eligible to receive services from CHLA at a discount based on the average amounts generally billed to patients with insurance ("**Amounts Generally Billed**"). This discount will be applied to CHLA's gross charges for the services.

#### 5. Financial Assistance Effective Date

- A. The Financial Assistance program effective date begins on the date the application is approved, and retroactively cover dates of service for a period of one calendar year.

#### 6. Relationship to Billing Policies

- A. The Admissions Department shall seek to obtain from each patient or his or her representative information about whether private or public health insurance or sponsorship may fully or partially cover the charges for care rendered by CHLA to the patient, including, but not limited to, private health insurance, insurance available through the California Health Benefit Exchange, Medicare, Medi-Cal, the Healthy Families Program, the California Children's Services Program, or other county or state-funded programs designed to provide health coverage. The Admissions Department shall also help individuals to determine whether there is a county hospital in which the individuals work or reside that can provide hospital services in lieu of CHLA.
- B. Self-Pay patients should be given a written price estimate before CHLA renders scheduled hospital services. The written estimate should be in the language the patient's family speaks. An estimate need not be given with respect to emergency services.
- C. Once a patient has been determined by CHLA to be eligible for Financial Assistance under this policy, and for so long as that patient remains eligible under this policy, the patient shall not receive any bills based on undiscounted gross charges for emergency or other medically necessary care. Instead, such patients shall be billed at an amount no more than Amounts Generally Billed. CHLA calculates its Amounts Generally Billed based on past reimbursements from all insurers as a percentage of gross charges (a "lookback" method). Members of the public can obtain a free written summary of the percentages CHLA uses to determine its Amounts Generally Billed and how CHLA calculates such percentages by contacting the Patient Business Services Office.
- D. An applicant who is eligible for Financial Assistance under this policy will be offered a

no interest, extended payment plan with terms negotiated by CHLA and the applicant based on the applicant's financial circumstances (including Gross Monthly Household Income and Essential Living Expenses) and other relevant factors. The minimum term of the extended payment plan will be 12 months. If the applicant and CHLA cannot negotiate a mutually acceptable payment plan, CHLA will offer the applicant a payment plan under which the monthly payments do not exceed 10% of the patient's Gross Monthly Household Income for a month, after deductions for Essential Living Expenses.

An extended payment plan may be declared by CHLA to be no longer operative if the patient fails to make all consecutive payments due during a 90-day period. Before declaring the plan no longer operative, CHLA or its collection agency or assignee shall make a reasonable attempt to contact the patient or responsible party by phone and to give notice in writing that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan. Also prior to the plan being declared inoperative, CHLA or its collection agency or assignee shall attempt to renegotiate the terms of the plan in default, if requested by the patient or responsible party. CHLA and its collection agency or assignee shall not report adverse information to a consumer credit reporting agency or credit bureau for nonpayment under a payment plan prior to the time the extended payment plan is declared to be no longer operative. For purposes of this paragraph, the notice and phone call to the patient may be made to the last known phone number and address of the patient.

- E. Unless an applicant is informed otherwise, Financial Assistance provided under this policy will be valid for one full year beginning on the first day of the month of the determination. CHLA reserves the right to reevaluate an applicant's eligibility for Financial Assistance during that period if any change in the applicant's financial status is suspected.
- F. CHLA's billing statements will inform individuals that Financial Assistance may be available and will provide a contact department and contact telephone number.
- G. If CHLA bills a patient who has not provided proof of coverage by a third party at the time the care is provided or upon discharge, as a part of that billing, CHLA shall provide the patient with a clear and conspicuous written notice in English and in the language the patient's Family speaks that includes all of the following:
  - (i) A statement of charges for services rendered by CHLA;
  - (ii) A request that the patient or representative inform CHLA if the patient has health insurance coverage, including coverage through the California Health Benefit Exchange, Medicare, Healthy Families, Medi-Cal, or other coverage;
  - (iii) A statement that if the patient does not have health insurance coverage, the patient may be eligible for coverage offered through the California Health Benefit Exchange or state or county-funded coverage, as well as Medicare, Healthy Families, Medi-Cal, California Children's Services Program, or this Financial Assistance policy;
  - (iv) A statement indicating how patients may obtain applications for coverage

through the California Health Benefit Exchange or state or county-funded health coverage, the Medicare program, the Medi-Cal program, the Healthy Families Program, and California Children's Services, as well as a statement that the hospital will provide these applications. If the patient does not indicate coverage by a third-party payer, or requests a discounted price or Charity Care, then the hospital shall provide an application for the Medi-Cal program, the Healthy Families Program or other governmental program to the patient. This application shall be provided prior to discharge if the patient has been admitted and to patients receiving emergency or outpatient care;

- (v) Information regarding the Financial Assistance application, including the following:
  - a. A statement that if the patient lacks or has inadequate insurance, and meets certain low- and moderate-income requirements, the patient may qualify for Discounted Care or Charity Care;
  - b. The name and telephone number of a CHLA employee or office from whom or which the patient may obtain information about the hospital's Financial Assistance policy, and how to apply for Financial Assistance;
  - c. A statement that the fact that a patient has applied or has a pending application for another health coverage program at the time they apply for Charity Care or Discounted Care will not preclude eligibility for either program; and
- (vi) A statement that the patient is entitled to a referral to a local consumer assistance center housed at a legal services office or a list of such consumer assistance centers.

## 7. Relationship to Collection Policies

- A. All collection activities are conducted by CHLA, or a designated CHLA vendor such as a collection agency. CHLA or a collection agency acting on its behalf may report adverse information about patients or other responsible individuals who fail to pay hospital bills to consumer credit reporting agencies or credit bureaus. However, CHLA and its agents will not report any such information to any credit reporting agency or credit bureau until CHLA has made Reasonable Efforts (as defined below) to determine whether a patient is eligible for Financial Assistance for the relevant services. "**Reasonable Efforts**" means that CHLA has either: (i) notified the patient and/or Family about the availability of Financial Assistance in one or more post-discharge communications as well as through other means, provided at least 150 days from the first post-discharge billing for the patient to apply for Financial Assistance, and timely processed any application received from the patient during that period; or (ii) determined whether the patient is eligible for Financial Assistance based on a complete application. The 150-day period will be extended if the patient has a pending grievance, independent medical review, fair hearing, or other pending appeal for coverage of the services, until a final determination of the appeal is made so long as the patient makes a reasonable effort to communicate with CHLA about



the progress of such appeal. CHLA's Patient Business Services Office shall have the final responsibility for determining that CHLA has made Reasonable Efforts to decide whether a patient is eligible under this policy before reporting to consumer credit agencies or credit bureaus.

- B. CHLA may pursue reimbursement and any enforcement remedy from third-party liability settlements, tortfeasors, or other legally responsible parties.
- C. CHLA requires that each of its collection agencies agree in writing to adhere to CHLA's collection standards and scope of practice.
- D. If an individual is attempting to qualify for assistance under this policy and/or is attempting in good faith to settle an outstanding bill with CHLA by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, CHLA shall not send the unpaid bill to any collection agency or other assignee unless that entity has agreed to comply with the California Hospital Fair Pricing statutes (California Health & Safety Code Section 127400 et seq.).
- E. Amounts referred to collections agencies will reflect any reduced rates for which an individual is eligible under this policy.
- F. If an individual eligible for Financial Assistance pays in excess of the total amount of his or her financial responsibility, CHLA will, within 60 days of recognizing the overpayment, refund the overpayment with interest accrued at the rate set forth in existing law beginning on the date CHLA receives the individual's payment and it is identified as a credit. CHLA is not, however, required to refund an overpayment or pay interest if the amount due is less than five dollars.
- G. Prior to the threat or initiation of commencing collection activities against a patient eligible for Financial Assistance under this policy, CHLA, any assignee of CHLA, or any other owner of the patient debt, including a collection agency, shall provide the patient with written notices containing the Fair Collection Notice language, information regarding nonprofit consumer credit counseling services available in the area. This notice shall also accompany any document indicating that collection activities may occur.

The Fair Collection Notice language: "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 8:00 a.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](http://www.ftc.gov)."

## **8. Communication of This Policy**

- A. Any notices, forms, letters, applications, or other documents related to this policy shall be made available in English, Spanish, and other languages used by the lesser of 5% of the population or 1000 individuals likely to be served by CHLA. CHLA may also furnish translation aids and translation guides or provide assistance through use of qualified bilingual interpreters in completing English documents and in understanding English documents.
- B. Every patient or his or her representative shall, upon admission as an inpatient, receive a written notice containing information about the availability of Charity Care and Discount Care. The notice shall include information about this policy, as well as contact information for a hospital employee or office from which the patient or representative may obtain further information about this policy. This same notice shall be given to patients who receive emergency or outpatient care, and who may receive a bill for such care, but who were not admitted. The notice shall be provided in English and in the language spoken by the patient's Family if available.
- C. Notices regarding this policy will be clearly and conspicuously posted in locations visible to the public including, but not limited to, all of the following: the emergency department, billing office, admissions office, and outpatient settings. These posted notices will explain that CHLA has a variety of options available, including Financial Assistance, to individuals who are uninsured or underinsured. These notices will include a contact office and telephone number an individual can call to obtain more information about this Financial Assistance policy and to apply for Financial Assistance.
- D. Notification of this policy, including a contact number, shall also be disseminated by CHLA by various other means including, but not limited to, the publication of notices in patient bills. CHLA shall publish a summary of this charity care policy on its website, in brochures available in patient access sites and at other places within the community served by the hospital as CHLA may elect.
- E. Anyone among CHLA personnel who reasonably believes that an individual does not have the ability to pay for hospital services should inform the individual that Financial Assistance may be available and direct them to the notices described in this policy. Financial Assistance applications will also be made available to all outside collection agencies used by CHLA for distribution to individuals who the collection agencies believe may qualify for Financial Assistance.

## **9. Confidentiality**

- A. CHLA will maintain all information received from applicants seeking Financial Assistance under this policy as confidential information. Information concerning Monetary Assets obtained as part of the Financial Assistance application and approval process will be maintained in a file that is separate from information that may be used to collect amounts owed CHLA. All information in such file will not be available to the personnel involved in debt collection. However, nothing in this policy prohibits the use in the debt collection process of information obtained by CHLA, its collection agencies or assignees independently of the Financial Assistance application process.

## **ATTACHMENTS:**

1. [ADM - 043.1 Attachment - Uncompensated Care Application](#)

**REFERENCES:**

1. California Health & Safety Code, Sections 127400 to 127446
2. California Family Code, Section 297
3. California Health & Safety Code, Section 1339.585
4. 26 U.S.C. 501(r)
5. Hospital Fair Pricing Policies (HFPP) Law - AB 774
6. Emergency Physician Fair Pricing Policies (EPFPP) Law
7. CHLA Policy ADM - 177.0, EMTALA (Screening, Stabilization, and Management of Emergency Transfers)

**REVIEWED BY:**

CHLA Legal Department  
CHLA Chief Compliance & Privacy Officer  
CHLA Finance Department