



<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS1000
<b>Responsible</b>	Patient Access/Registration Director	<b>Revised/Reviewed</b>	12/2022

**I. PURPOSE**

Pajaro Valley Health Care District Hospital Corporation dba Watsonville Community Hospital (WCH), a nonprofit hospital, offers a financial assistance policy for its patients. The financial assistance policy describes WCH’s policy for both charity care (free care) and discounted care, and the process for patients who need help paying for their emergency and medically necessary care.

The intent of this policy is to satisfy the requirements of Section 501(r) of the Internal Revenue Code and California Health and Safety Code sections 127400 to 127446.

**II. POLICY**

- A. WCH’s financial assistance policy is designed to support patients who financially qualify and is not intended to replace any third-party coverage. WCH will make reasonable efforts to assist patients with their financial obligation to pay for hospital services, including emergency and medically necessary hospital care. Circumstances requiring assistance may include:
  - 1. Patients with no insurance and/or not eligible for any third-party coverage;
  - 2. Patients with third-party coverage which does not cover/reimburse all charges; and
  - 3. Patients with who have high medical costs as defined by state and federal law, whose incomes are at or below 400% of the federal poverty level.
- B. WCH’s financial assistance policy applies to emergency and medically necessary care, as described in the definitions below. The policy does not extend to physician services, which are billed separately.

**III. DEFINITIONS**

**Amounts Generally Billed:** The amounts generally billed for emergency or other medically necessary care to individuals who have insurance covering such care. WCH uses the “look-back” method for establishing amounts generally billed using Medicare allowable charges.

**Charity Care (Free Care):** Hospital services that are offered at a 100% discount of the patient financial obligation for emergency and medically necessary care (e.g., eligible patients and families who earn up to 250% of the federal poverty level).

**Discounted Care (Partially Free Care):** A partial discount of the patient financial obligation for emergency and medically necessary care for patients who qualify (e.g., eligible patients and families who earn between 250% and 400% of the federal poverty level).

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

**Eligibility Determination Period:** Patients determined to be eligible are granted financial assistance for a period of twelve (12) months. Financial assistance will become effective on the admission or service date of the emergency or medically necessary care for which the assistance is being sought.

**Emergency and Medically Necessary Care:** Any hospital emergency, inpatient, outpatient, or emergency medical care that is not entirely elective for patient comfort and/or convenience. (Typical non-medically necessary services would be cosmetic surgery, infertility treatments, and alternative therapies.)

**Emergency Medical Treatment & Labor Act (EMTALA):** In 1986, Congress enacted the Emergency Medical Treatment & Labor Act (EMTALA) to ensure public access to emergency services regardless of ability to pay. Section 1867 of the Social Security Act imposes specific obligations on Medicare-participating hospitals that offer emergency services to provide a medical screening examination when a request is made for examination or treatment for an emergency medical condition, including active labor, regardless of an individual's ability to pay. Hospitals are then required to provide stabilizing treatment for patients with emergency medical conditions. If a hospital is unable to stabilize a patient within its capability, or if the patient requests, an appropriate transfer should be implemented. See WCH's EMTALA policy for further guidance.

**Essential Living Expenses:** 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 childcare; child or spousal support; transportation and auto expenses, including insurance, gas, and repairs; installment payments; laundry and cleaning; and other extraordinary expenses.

**Extraordinary Collection Actions (ECAs):** Extraordinary collection actions (ECAs) are actions taken by a hospital facility against an individual related to obtaining payment of a bill for care covered under the financial assistance policy that:

- Involve selling an individual's debt to another party
- Involve reporting adverse information about an individual to consumer credit reporting agencies or credit bureaus
- Involve deferring or denying, or requiring a payment before providing, medically necessary care because of an individual's non-payment of one or more bills for previously provided care covered under the WCH's financial assistance policy
- Require a legal or judicial process

Examples of actions that may require a legal or judicial process include, but are not limited to:

- Placing a lien on an individual's property
- Foreclosing on an individual's real property
- Attaching or seizing an individual's bank account or any other personal property
- Commencing a civil action against an individual
- Causing an individual's arrest
- Causing an individual to be subject to a writ of body attachment

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

- Garnishing an individual’s wages

A claim filed by a hospital facility in any bankruptcy proceeding is not an ECA. Also, a lien placed on the proceeds of a judgment, settlement, or compromise owed to an individual (or his or her representative) as a result of personal injuries caused by a third party for which the hospital facility provided care is not an ECA.

**Family:** For patients 18 years or older, family includes the patient’s spouse, domestic partner, and dependent children under 21. 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. All financial resources of the household are considered together to determine eligibility under WCH’s financial assistance policy.

**Family Income:** Family income includes the following types of income:

- 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
- Capital gains or losses
- 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 caretaker relatives.
- Fifty percent (50%) of the family’s monetary assets above \$10,000. The first \$10,000 is not counted in the income calculation.

Assets that will not be considered as income are qualified retirement or deferred compensation plans under the Internal Revenue Code, or nonqualified deferred compensation plans.

**Federal Poverty Level / Federal Policy Guidelines:** A measure of income issued every year and 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 <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.

**Financial Assistance:** Assistance provided to patients and their families that qualify for financial help to fully or partially pay their portion of emergency and medically necessary care received at WCH, as defined in this policy.

**Guarantor:** An individual other than the patient who is responsible for payment of the bill.

**High Medical Costs:** Financial assistance that provides a discount to eligible patients with annualized family income in excess of 400% of the federal poverty guidelines and financial obligations resulting from emergency or medically necessary services that exceed 10% of annualized family income.

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

**Presumptive Eligibility:** A hospital facility may presumptively determine that an individual is eligible for financial assistance based on information other than that provided by the individual (e.g., socio-economic information specific to the patient that is gathered from market sources) or based on a prior financial assistance eligibility determination.

A presumptive determination that an individual is eligible for less than the most generous assistance available under a financial assistance policy constitutes “reasonable efforts” to determine financial assistance eligibility if a hospital facility:

- Notifies the individual regarding the basis for the presumptive eligibility determination and how he or she may apply for more generous assistance available under the financial assistance policy;
- Gives the individual a reasonable period of time to apply for more generous assistance before initiating ECAs to obtain the discounted amount owed for the care; and
- Processes any complete financial assistance application the individual submits by the end of the application period or, if later, by the end of the reasonable time period given to apply for more generous assistance.

WCH uses a third-party vendor to assist in determining presumptive eligibility.

**Proof of Income:** For purposes of determining financial assistance eligibility, WCH will review annual family income from ninety (90) days prior to the service date, and/or the prior tax year using tax return information.

**Reasonable Payment Plan:** An extended interest-free payment plan that is negotiated between and the patient for any patient out-of-pocket fees. A reasonable payment plan is based on monthly payments that are not more than ten percent (10%) of a patient’s family income for a month, excluding deductions for essential living expenses.

**Share of Cost:** For an individual on Medi-Cal, the amount the individual agrees to pay for health care before Medi-Cal starts to pay.

**Uninsured Patient:** An individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a government program or other third-party assistance to assist with meeting their payment obligations. It also includes patients that have third-party coverage, but have either exceeded their benefit cap, have been denied coverage, or have insurance that does not provide coverage for the emergency or medically necessary care for which the patient is seeking treatment from WCH.

**Underinsured Patient:** An individual, with third-party insurance coverage, for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for medical services provided by WCH.

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

#### **IV. PHYSICIAN SERVICES**

- A. The physicians working at WCH are independent contractors and bill separately for their services.
- B. A list of physicians that care for patients at WCH is available at <https://watsonvillehospital.com/>. Hardcopies of the physician list can be obtained in the admission or registration areas.
- C. An emergency physician who provides emergency medical services is also required by law to provide discounts to uninsured patients or patients with high medical costs who are at or below 400% of the federal poverty level.

#### **V. COMMUNICATION REGARDING FINANCIAL ASSISTANCE**

Notification regarding WCH's financial assistance policy is attained by:

- A. Posters regarding the availability of financial assistance are posted in the following areas:
  - 1. Financial Counseling Office
  - 2. Emergency Department
  - 3. Business Office
  - 4. Patient Access Department
  - 5. All admitting and registration desks
  - 6. Other places within the community served by WCH as it chooses
  - 7. WCH's internet website with a link to the policy
- B. Paper copies of WCH's financial assistance policy, financial assistance application and a plain language summary of the policy are available upon request and without charge in WCH's Financial Counseling Office, Emergency Department, Business Office, Patient Access Department, and admitting and registration areas. Patients may also request that copies of these documents be sent to them electronically or mailed.
- C. A written notice about WCH's financial assistance is provided to the patient either at the time of admission or discharge depending on the patient's condition on admission.
- D. A plain language summary of the financial assistance policy that includes the information listed below:
  - 1. The contact information, including telephone number and physical location WCH office or department that can provide information about the policy
  - 2. The office or department at WCH that can provide assistance with the application process
  - 3. Instructions on how the individual can obtain a free copy of the policy and application form by mail

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

4. The direct website address (URL) and physical locations where the individual can obtain copies of the policy and application form
  5. A statement that an individual eligible for financial assistance may not be charged more than amounts generally billed for emergency or other medically necessary care
- E. The financial assistance policy, plain language summary of the financial assistance policy, notices, posted signs and other communication related to the financial assistance policy will be printed in the appropriate languages and provided to patients as required.
- F. WCH’s website: The following resources are on WCH’s website at <https://watsonvillehospital.com/> free of charge. They are available in the primary languages of significant patient populations with limited English proficiency:
1. Financial assistance policy
  2. Plain language summary of the financial assistance policy
  3. Financial assistance billing and collections policy
  4. Financial assistance applications
- G. WCH’s billing statements include:
1. A statement on the availability of financial assistance
  2. The telephone number for WCH staff that provides help with the application process, and the website address where the financial assistance policy, plain language summary of the financial assistance policy, and financial assistance application can be found.
- H. The plain language summary of the financial assistance policy will be available at community events and will be provided to local agencies that offer consumer assistance.

## **VI. INSURANCE PROGRAM ELIGIBILITY SCREENING PROCESS**

All patients are screened for the ability to pay and/or to determine eligibility for payment programs including financial assistance. Emergency patients are not screened until after the EMTALA-required medical screening exam. Once a patient is eligible for screening, the WCH staff will:

- A. Make reasonable efforts to obtain information from the patient about whether private or public health insurance may fully or partially cover the charges for emergency and medically necessary care.
- B. Provide help in assessing the patient’s eligibility for Medi-Cal, Medicare, the California Health Benefit Exchange, or any other third-party coverage as part of the application process for financial assistance.
- C. Patients or patient’s guarantors who do not cooperate in applying for programs that may pay in full or in part for their emergency for medically necessary services may be denied financial assistance.

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

## **VII. FINANCIAL ASSISTANCE GENERAL GUIDELINES**

- A. All patients applying for financial assistance are required to follow the procedures in Section VIII below (Financial Assistance Application Process).
- B. WCH will determine eligibility for financial assistance based on an individual's determination of financial need in accordance with this policy, without regards to an applicant's age, gender, race, immigrant status, sexual orientation, or religious affiliation.
- C. In accordance with EMTALA regulations, no patient will be screened for financial assistance or payment information prior to the rendering of services in emergency situations.
- D. The Internal Revenue Service requires WCH to establish a methodology by which patients eligible for financial assistance will not be charged more than the amounts generally billed for emergency and medically necessary services to individuals who have insurance covering such care. For purposes of this requirement, WCH will use the prior year's Medicare allowable charges.
- E. The patient or guarantor is responsible for meeting the conditions of coverage of their health plan, if they have a health plan or other third-party coverage.
- F. The federal poverty guidelines will be used for determining a patient's eligibility for financial assistance. Eligibility for financial assistance will be based on family income.
- G. WCH will use reasonable collection efforts to obtain payment from patients. General collection activities may include issuing patient statements, phone calls, and referral of statements that have been sent to the patient or guarantor. WCH or collection agencies will not engage in any extraordinary collection actions.
- H. Presumptive financial assistance occurs when WCH staff may assume that a patient will qualify for financial assistance based on information received by the hospital (i.e., homelessness, etc.).
  1. A financial counselor will complete a financial assistance application for the patient, to include:
    - a. The reason the patient, or patient's guarantor, cannot apply on his/her own behalf; and
    - b. The patient's documented medical or socio-economic reasons that stop the patient, or patient's guarantor, from completing the application.
  2. WCH may also assign patient accounts to be evaluated for presumptive eligibility for charity care or discounted care, if they think that the patient may need financial help paying the bill. This may occur if:
    - a. The patient's medical record documents that they are homeless or currently in jail or prison.
    - b. It is verified that the patient expired with no known estate.

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

- c. The patient qualifies for a public benefit program including Social Security Disability Insurance (SSDI), Unemployment Insurance Benefits, Medi-Cal, County Indigent Health, Aid to Families with Dependent Children (AFDC), Food Stamps, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), etc.
    - d. The patient has not completed a financial assistance application or responded to requests for documentation.
  - 3. If the patient does not or cannot respond to the application process, then the patient's account will be screened using the presumptive eligibility information outlined above to make an individual assessment of financial need.
  - 4. WCH uses a third-party to conduct electronic reviews of patient information to assess financial need. These reviews use a healthcare industry-recognized model that is based on public record databases. This predictive model uses public record data to calculate a socio-economic and financial capacity score. It includes estimates of income, assets, and liquidity.
  - 5. Electronic technology will be used after all other eligibility and payment sources have been tried before a patient account is considered bad debt and turned over to a collection agency. This ensures that WCH screens all patients for financial assistance before taking any collection actions.
  - 6. Patient accounts granted presumptive eligibility will be reclassified under the financial assistance policy. WCH will not:
    - a. Send them to collection agencies, debt buyers, or other assignees; or
    - b. Subject them to further collection actions.
  - I. Charity care (free care) is granted to eligible patients and families who earn 250% or less of the federal poverty level. 100% of their emergency and medically necessary services will be discounted for the eligibility qualification period of one year. This type of care applies to uninsured and underinsured patients.
  - J. Discounted care (partially free care) is granted to eligible patient and families who earn between 250% and 400% of the federal poverty level. 50% of their emergency and medically necessary services will be discounted for the eligibility qualification period of one year. This type of care applies to uninsured and underinsured patients.

## **VIII. FINANCIAL ASSISTANCE APPLICATION PROCESS**

### **A. Required Documentation**

To qualify for financial assistance, an application must be filled out. The financial assistance application and the required supporting documents are used by WCH to determine eligibility. In addition to filling out the application, the patient must provide the following documentation:



<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

1. A copy of the patient's or guarantor's proof of income for the prior three (3) months (for all types of income listed in the application).
2. A copy of the patient's or guarantor's most recent tax return with all accompanying schedules.
3. A copy of the patient's or the guarantor's bank statements for prior three (3) months.
4. If no proof of income is evidenced in a completed application, a written affidavit is required.
5. Information obtained while determining income and/or charity care eligibility for financial assistance under this policy will not be used in collection efforts.

**B. Eligibility Criteria for Financial Assistance**

1. Patients are uninsured or underinsured or have high medical costs and are unable to pay for their care may be eligible for financial assistance.
2. An initial financial assistance determination will be based on the patient's individual or family income and family size, as determined by tax returns or recent pay stubs. The following additional information may also be required:
  - a. Information on all monetary assets, both liquid and non-liquid, except statements on retirement or deferred-compensation plans (as such plans will not be considered as "income").
  - b. Waivers or releases from the patient or family, authorizing WCH to obtain account information from financial or commercial institutions that hold monetary assets to verify their value.
  - c. The first \$10,000 of a patient's monetary assets are not counted in determining eligibility and 50% of the monetary assets in excess of \$10,000 may not be counted in determining eligibility.
  - d. Does not include retirement or delayed compensation plans (as such plans will not be considered as "income").
  - e. Family size (includes legally qualified dependents) is also used to help determine the appropriate benchmark for assistance type (i.e., charity care or discounted care) if income is at or below the established income levels.
3. For patients on Medi-Cal with a Share of Cost, these amounts are not eligible for financial assistance.
4. A patient may qualify for financial assistance if they meet one of the following:
  - a. Family income is at or below 400% of the federal poverty level.

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

- b. Family income does meet the federal poverty limit of 400%, but allowable charges for emergency and medically necessary care exceed 10% of the family income (i.e., the patient has high medical costs).

C. Financial Assistance Levels

1. Patients who qualify for financial assistance cannot be charged more than the amounts generally billed for emergency and medically necessary care.
2. Charity care and discounted care are based on family income.
3. Patients earning less than 250% of the federal poverty level will be eligible for charity care (free care). Patients earning between 250% and 400% of the federal poverty level will be responsible for 50% of amounts generally billed.
4. Reasonable efforts will be made to make a determination of eligibility within fifteen (15) business days of receipt of all requested documentation. Details of the charity care or discounted care will be provided to the patient or the patient's representative.
5. The eligibility determination period will be valid for a period of twelve (12) months (one year) from the date of determination unless the patient's circumstances have changed.
6. At the time of the evaluation, should it be determined that the patient has paid more than required, a refund of the overpayment will be made.

D. Approvals and Appeals

1. Once a completed application has been reviewed and deemed complete by the financial counselor, the application will proceed to the director or officer set forth below for final approval based on the dollar value of the write off:
  - a. Patient Financial Director approves <\$10,000
  - b. Chief Financial Officer approves \$10,000-\$75,000
  - c. Chief Executive Officer approves >\$75,000
2. Patients can submit a written request for reconsideration to the Chief Financial Officer of WCH if they believe the application was not approved according to the policy or disagree with how the policy has applied.
3. The Chief Financial Officer will have final level of approval.
4. Appeals dated more than ninety (90) days after application approval date will not be considered.

<b>Policy Title</b>	Watsonville Community Hospital Financial Assistance Policy	<b>Policy #</b>	BUS100
---------------------	--	-----------------	--------

**IX. AUTHORIZED BODY AND REPORTING REQUIREMENTS**

The WCH executive team will review and update this policy and make recommendations to the WCH Board of Directors on a biennial basis (i.e., every other year) unless there are changes in the California Health and Welfare Code section 127400-127449, Internal Revenue Code 501(r), or any other regulations deemed to impact this policy.

WCH is required to upload this policy to the California Department of Health Care Access and Information at least biennially on January 1, or when a significant change is made.