

DRAFT – COMBINED 2/01

Title: *Charity Care*

I. Purpose:

Banner Health System is dedicated to providing quality healthcare to all patients regardless of age, sex, race, religion, national origin and/or ability to pay. Banner Health System assures completion of a charity financial evaluation at the earliest possible point in the registration/accounting process for all patients indicating an inability to meet their financial obligation once all other options for reimbursement have been exhausted.

II. Policy:

- A. Uninsured or underinsured patients who are unable to pay for hospital services are Charity Patients. Charity care represents health care services that were provided but were never expected to result in cash flows. The criteria for charity consideration eligibility will be based upon income (as compared with poverty levels established on an annual basis by the Department of Health and Human Services), household size, income, assets, and liabilities, estimated medical bill, other extenuating circumstances. Patients eligible for charity consideration will receive medically necessary services on an uncompensated or reduced level based on financial evaluation and determination of ability to meet financial obligation for patient liability.
- B. Upon approval for charity consideration, charity write-offs will be processed promptly in accordance with procedures and state statutes and regulations.
- C. Patients who are able, but unwilling, to pay for hospital services are considered Bad Debts. Patients who are considered bad debts are referred to outside agencies for collection.
- D. For patient' covered by contractual agreement, the difference between gross charges and gross reimbursement is considered contractual allowance.
- E. If a patient qualifies for AHCCCS after a bill is incurred with BHS, that bill will be eligible for a charity write-off.
- F. Charity care will be granted subject to the following approval limits:
 - Up to \$5,000 - Patient Accounts Manager
 - Over \$5,000 - Patient Accounts Director
- G. The Patient Accounts Director will be responsible to monitor the appropriateness of charity care charges, patient days, and allowances.

III. Procedure/Intervention(s):

- A. Document Charity Care:
 - 1. Notify AHCCCS on inpatients with no insurance, or insufficient coverage, who cannot pay in full at time of service. (ADMITTING)
 - 2. Request patient to apply for a loan from a financial institution of his/her choice, if AHCCCS denies eligibility due to excess income or spend-down requirements.
 - 3. Request a charity application if loan is denied and patient claims he/she cannot make the required monthly payments. This application requires information regarding income, monthly bills, and assets. Along with the application request a copy of the past year's Income Tax Return, current bank statements and pay stubs.
 - 4. Use the Federal Poverty Guidelines as a source to determine eligibility for charity multiplied by a factor of 1.50 (see additional information). Net worth (guarantor's assets less liabilities) will be factored into the income guidelines.
 - 5. Provide patients with guidance through this process. (FINANCIAL COUNSELING DEPARTMENT)
 - 6. Write off the patient account using the appropriate general ledger account number when it is determined charity care write-off is appropriate. A monthly allowance for charity care is also calculated to properly reserve accounts receivable. (Finance)

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IV. Documentation (Documents & Forms):

V. Additional Information:

BHS CHARITY GUIDELINES	HOUSEHOLD SIZE
\$12,885:00	1
\$17,415:00	2
\$21,945:00	3
\$26,475:00	4
\$31,005:00	5
\$35,535:00	6
\$40,065:00	7
\$44,595:00	8
\$49,125:00	9
\$53,655:00	10
\$58,185:00	11
\$62,715:00	12
\$67,245:00	13
\$71,775:00	14
\$76,305:00	15

*Based on 150% of 2001 Federal Poverty Guidelines. The guidelines are updated annually.

VI. References:

VII. Other Related Policy/Procedures:

VIII. Cross Index As: