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**LUTHERAN HEALTHCARE NETWORK
MESA/VALLEY LUTHERAN HOSPITALS
MESA, ARIZONA**

POLICY AND PROCEDURE MANUAL

DEPARTMENT OF: ADMINISTRATION

SUBJECT: CHARITY PATIENTS

PAGE: 1.05.01

POLICY PROCEDURE:

I. DEFINITION:

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. 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. For patients covered by a contractual agreement, the difference between gross charges and gross reimbursement is considered contractual allowance. To determine charity eligibility the following criteria will be considered in the Charity Application:

- Household size
- Income, assets and liabilities
- Estimated medical bill
- Other hardships

II. PROCEDURE:

The procedures necessary to document charity care are as follows:

1. Admitting will notify AHCCCS on inpatients with no insurance, or insufficient coverage, who cannot pay in full at time of service.
2. If AHCCCS denies eligibility due to excess income or spend down requirements, the patient will be requested to apply for a loan from a financial institution of his/her choice.
3. If loan is denied and patient claims he/she cannot make the required monthly payments, a charity application will be requested. This application requires information regarding income, monthly bills, and assets. Along with the application we will request a copy of the past year's Income Tax Return, current bank statements and pay stubs.
4. We will use the Federal Poverty Guidelines as a source to determine eligibility for charity multiplied by a factor of 1.50 (see attached). Net worth (guarantor's assets less liabilities) will be factored into the income guidelines.
5. If a patient qualifies for AHCCCS after a bill is incurred with LHN, that bill will be eligible for a charity write-off.

Patients will be provided guidance through this process by the hospital Financial Counseling Department. When it is determined charity care write-off is appropriate, the patient account will be written off to general ledger account number 117000. A monthly allowance for charity care is also calculated to properly reserve accounts receivable.

III. APPROVAL:

Charity care will be granted subject to the following approval limits:

Up to \$5,000	Patient Accounts Manager
Over \$5,000	Patient Accounts Director

The Patient Accounts Manager will be responsible to monitor the appropriateness of charity care charges, patient days, and allowances.