

DRAFT – COMBINED 2/01

Title: *Charity Care*

I. Purpose:

Banner Health is dedicated to providing quality healthcare to all patients regardless of age, sex, race, religion, national origin and/or ability to pay. Banner Health 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. Charity care represents health care services that were provided but were never expected to result in cash flows. Obviously, this policy applies only to charges made for services provided by Banner Health and can not be applied to charges for services from other providers whose services are coincident to those provided by Banner Health, i.e., surgeons, anesthesiologists, etc.

II. Definitions:

Medicaid – The use of the term “Medicaid” throughout this document will refer to all State and Federal Programs which includes (but is not limited to): Medicaid, Medi-Cal, AHCCCS, CICP, FES, etc.

III. Policy:

- A. Uninsured or underinsured patients who are unable to pay for hospital services are potential charity patients. The criteria under which a patient will be considered for charity eligibility will be based upon income (using the poverty levels established annually by the Department of Health and Human Services), household size, income, assets and liabilities, the estimated medical bill, other extenuating circumstances. Patients eligible for charity consideration will receive medically necessary services on a reduced or uncompensated level based on this financial evaluation and determination of their ability to meet the financial obligation for the claim in question.
- B. Upon approval for charity eligibility, 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 uncollectible bad debts and will be referred to outside agencies for collection.
- D. For patient’s covered by contractual agreement between Banner Health and insurers, the difference between gross charges and gross reimbursement is considered a contractual allowance and not a charity write-off.
- E. If a patient qualifies for Medicaid after service is provided by Banner Health, any bills for services that pre-date that coverage will be eligible for charity writeoff. Similarly, if a patient qualifies for Medicaid but funding is not available to pay for the services or Medicaid deems particular services to be non-covered, those services 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.

IV. Procedure/Intervention(s):

- A. Document Charity Care:
 - 1. Notify Medicaid on inpatients with no insurance, or insufficient coverage, who cannot pay in full at time of service. If patient fails to fully cooperate with Medicaid eligibility process, they will not be eligible for Banner charity. (**ADMITTING**)
 - 2. This application requires information regarding income, monthly bills, and assets. Along with the application request a copy of the past year’s Federal income tax return, current bank statements, and pay stubs.

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3. Use the Federal Poverty Guidelines as a source to determine eligibility for charity multiplied by the factors in attached grid (see additional information). Net worth (guarantor’s assets less liabilities) will be factored into the income guidelines in cases where guarantor has significant assets, but may not have a steady income.
4. Provide patients with guidance through this process. **(FINANCIAL COUNSELING DEPARTMENT)**
5. 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)
6. The appropriate Charity funding will be reversed if patient becomes eligible for any third party funding source.

V. Documentation (Documents & Forms):

VI. Additional Information:

Charity matrices for Banner follow:

Arizona	Account Balance						
Income Level	<\$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001- \$10,000	\$10,001 - \$25,000	\$25,001 - \$50,000	>\$50,000
0 - 100% of FPL	100%	100%	100%	100%	100%	100%	100%
101 - 150% of FPL	75%	80%	100%	100%	100%	100%	100%
151 - 200% of FPL	50%	55%	60%	65%	70%	70%	70%
201 - 250% of FPL	25%	30%	35%	40%	45%	50%	50%
251 - 300% of FPL	20%	25%	30%	35%	40%	45%	50%
301 - 350% of FPL	15%	20%	25%	30%	35%	40%	45%

Colorado/Other	Account Balance						
Income Level	<\$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001- \$10,000	\$10,001 - \$25,000	\$25,001 - \$50,000	>\$50,000
0 - 100% of FPL	100%	100%	100%	100%	100%	100%	100%
101 - 150% of FPL	50%	60%	70%	80%	90%	100%	100%
151 - 200% of FPL	40%	45%	50%	55%	60%	60%	60%
201 - 250% of FPL	30%	35%	40%	45%	50%	50%	50%



Policy and Procedure
Policy #:
Status: New
Version #:
Effective Date:
Scope: BHS Arizona Region
Population:

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251 - 300% of FPL	20%	25%	30%	35%	40%	45%	50%
301 - 350% of FPL	10%	10%	10%	15%	20%	25%	30%

VII. References:

VIII. Other Related Policy/Procedures:

IX. Cross Index As: