

LAUGHLIN MEMORIAL HOSPITAL and its AFFILIATES
Administrative Policy

Title: Uncompensated Care

Effective Date: 8-1-03

Revision Date: 7-1-10

PURPOSE: To provide services to residents of our service area who are uninsured or underinsured and do not have adequate financial resources to pay for necessary healthcare services provided by Laughlin Memorial Hospital and its Affiliates.

POLICY: Recognizing its charitable mission, it is the policy of Laughlin Memorial Hospital and its Affiliates to provide a reasonable amount of its services without charge to eligible patients who cannot afford to pay for care.

All services of Laughlin Memorial Hospital and its Affiliates will be considered for uncompensated services. The determination will be made at regularly scheduled meetings of the Uncompensated Care Committee.

Charity is defined as the demonstrated **inability of a patient to pay**, versus bad debt as the unwillingness of the patient to pay. The financial status of each patient should be determined so that an appropriate classification and distinction can be made between charity and bad debt.

Laughlin Memorial Hospital determines charity in accordance with definitions used by the State of Tennessee:

“Charity care” is reductions in charges made by the provider of services because of the indigence or medical indigence of the patient.

The hospital should apply the following guidelines for making a determination of indigence or medical indigence:

- (A) The patient's indigence must be determined by the hospital, not by the patient, (i.e., a patient's signed declaration of his inability to pay his medical bills cannot be considered proof of indigence);
- (B) The hospital should take into account a patient's total resources which would include, but are not limited to, an analysis of assets (only those convertible to cash and unnecessary for the patient's daily living), liabilities, and income and expenses. Indigence income means an amount not to exceed one hundred percent (100%) of the federal poverty guidelines. Medical indigence is a status reached when a person uses or commits all available current and expected resources to pay for medical bills and is not limited to a defined percent of the federal poverty guidelines. In making this analysis the hospital should take into account any extenuating circumstances that would affect the determination of the patient's indigence;
- (C) The hospital must determine that no source other than the patient would be legally responsible for the patient's medical bill, (e.g., title XIX, local welfare agency, and guardian); and
- (D) The patient's file should contain documentation of the method by which indigence was determined in addition to all backup information to substantiate the determination.
- (E) Once indigence is determined and the hospital concludes that there has been no improvement in the beneficiary's financial condition, the debt may be deemed uncollectible without applying the bad debt collection criteria.” TCA 68-1-109 (1) (2) (amended 5/30/07)

Applications are encouraged prior to the provision of healthcare services, but may be made at any time. Determination for eligibility for uncompensated care will remain valid for 6 months for all necessary medical services. If there is a change in financial circumstances, an updated or new application must be completed.

The Uncompensated Care budget will be established once a year during the annual budget process and submitted to the Board of Directors for approval. Uncompensated Care write-offs will be reported at each Uncompensated Care Committee meeting.

All Uncompensated Care “write-offs” must be approved by a majority vote of the Uncompensated Care Committee members during the meeting in which the Uncompensated Care determination is made.

PROCEDURE:

1. The following factors will be considered when determining the amount of charity service for which a patient is eligible.
 - 1) Patient must reside in the hospital’s primary/secondary service area. Out of area applications will be reviewed upon the request of the patient accounts director.
 - 2) Gross income generally should fall within federal standards (current HHS Poverty Guidelines) for determination of poverty level with consideration to family size, geographic area and other pertinent factors. If income is below 100% of the federal guidelines, the patient meets the State definition of indigence income, and will be recommended for 100% account writeoff. If income exceeds 100% of federal guidelines, family assets will be reviewed to support charity or discounting decisions. If current budget allows, the full charity benefit will be considered for applicants up to 150% of federal guidelines and partial charity discounts for applicants up to 200%.
 - 3) The individual’s or family’s net worth including all liquid and non-liquid assets owned less liabilities and claims against assets will be considered.
 - 4) Employment status along with future earnings potential will be considered.
 - 5) Family size will be considered.
 - 6) All other financial obligations including living expenses and other items of a reasonable and necessary nature will be evaluated.
 - 7) The amount(s) and frequency of hospital and other healthcare/medication related bill(s) in relation to all of the factors outlined above will be considered.
 - 8) Resources including third-party payers, victims of crime programs and TennCare should be applied for by the patient before Uncompensated Care is considered.
 - 9) If a patient does not have TennCare but would qualify, he/she must cooperate with the application process. If the application is denied, uncompensated care will be considered.

- 10) If the patient has Medicare but not secondary coverage the patient should be asked to apply for TennCare.
2. The appropriate amount of charity service in relation to the amounts due after applying all other resources will be determined. A patient who can afford to pay for a portion of the services will be expected to do so. *If the patient does not pay the amount deemed to be his/her responsibility, the uncollectible remainder would become bad debt.*
3. **VERIFICATION** of income must be provided with the application. Acceptable verification includes:
 - Prior Year Tax Return, and;
 - Current Pay Stubs
 - Written verification of wages from Employer
 - Unemployment Letter
 - Social Security Check
 - Bank Statement
 - Disability Check
 - Letter of eligibility for cash assistance

Credit reports may be considered to evaluate eligibility as well.

4. Patients within the Federal Poverty Guidelines will automatically be approved on a semi-annual basis. Uncompensated Care provisions will be reevaluated for a patient's eligibility when the following occur:
 - 1) Subsequent rendering of services
 - 2) Income change
 - 3) Family size change
 - 4) When any part of the patient's account is written off as a bad debt or is in collections.
 - 5) When six months has passed since the last application or when circumstances change, whichever comes first.
5. Determine eligibility for charity service at the time of admission/registration, or as soon as possible thereafter.
6. Designated personnel in the Patient Accounts Department will initiate charity considerations. However, any hospital employee can inform patients about the charity program. Applications for Uncompensated Care may be obtained in the Patient Accounts Department.
7. Applications for Uncompensated Care will be reviewed and approved on a monthly basis by the Uncompensated Care Committee.
8. The Patient Accounts Department will retain all records relating to Uncompensated Care for seven years.
9. The Uncompensated Care Committee will notify the patient and/or guarantor in writing, regarding approval, denial or pending status.

10. Denials may be appealed with supporting documents that prove inability to pay that weren't part of the initial considerations.

ALTERNATE PROCEDURE – Charity recognition when applications are not filed.

The charity committee recognizes that some families may be unable or hesitant to complete the request for uncompensated services. The committee is given the authority to accept alternate evidence which reasonably supports a grant of charity for services provided. Alternate evidence may be accepted only from organizations who have agreed in writing to assist the hospital with its charity program. The committee may consider evidence other than applications only when the charity budget for the fiscal year has not been exceeded.

Collection agencies may be a source of estimating family income. All collection agencies used by the hospital agree in writing to accept guidance of the hospital, including the following:

Hospital Guidance Governing Low-Income Medically Indigent Healthcare Balances:

The agency agrees that it will return patient accounts to the hospital for charity consideration if it becomes aware of financial hardship and learns that the patient's income level might qualify for hospital charity. The hospital may approve charity care based solely on referral from the agency, or in some instances require that the patient complete the application for charity care.

Presumptive eligibility may also be determined by the committee based on life circumstances:

1. State funded prescription programs
2. Homeless
3. Participation in Womens, Infants and Childrens programs (WIC)
4. Food stamp eligibility
5. Subsidized lunch program eligibility
6. Eligibility for state programs that are unfunded
7. Low income/subsidized housing address
8. Patient deceased with no known estate

2009/2010 HHS Poverty Guidelines

For all states (except Alaska and Hawaii) and for the District of Columbia

Size of family unit	100 Percent of Poverty	110 Percent of Poverty	125 Percent of Poverty	150 Percent of Poverty	175 Percent of Poverty	185 Percent of Poverty	200 Percent of Poverty
1	\$10,830	\$11,913	\$13,538	\$16,245	\$18,953	\$20,036	\$21,660
2	\$14,570	\$16,027	\$18,213	\$21,855	\$25,498	\$26,955	\$29,140
3	\$18,310	\$20,141	\$22,888	\$27,465	\$32,043	\$33,874	\$36,620
4	\$22,050	\$24,255	\$27,563	\$33,075	\$38,588	\$40,793	\$44,100
5	\$25,790	\$28,369	\$32,238	\$38,685	\$45,133	\$47,712	\$51,580
6	\$29,530	\$32,483	\$36,913	\$44,295	\$51,678	\$54,631	\$59,060
7	\$33,270	\$36,597	\$41,588	\$49,905	\$58,223	\$61,550	\$66,540
8	\$37,010	\$40,711	\$46,263	\$55,515	\$64,768	\$68,469	\$74,020

For family units with more than 8 members, add \$3,740 for each additional person at 100% of poverty; \$4,114 at 110 %; \$4,675 at 125%; \$5,610 at 150%; \$6,545 at 175%; \$6,919 at 185% and \$7,480 at 200% of poverty.

