

Memorial Hospital and Manor

Financial Assistance and Charity Care Program

Statement of Purpose

The City of Bainbridge and Hospital Authority of Decatur County Georgia, DBA Memorial Hospital and Manor, is a publicly owned hospital, and it is the only provider of acute inpatient hospital care in Decatur County. The Hospital operates the only emergency services in the County equipped to handle minor trauma. Due to Memorial Hospital and Manor's ("Hospital") tax exempt status, its public ownership, and its ongoing Community Service obligations, it will continue to be faced with the prospect of rendering care to the economically indigent and the medically indigent (those who are above the Federal Poverty Level (FPL), but have inadequate or no health care coverage and incur large hospital/physician debts).

As a matter of policy and to be in compliance with current Generally Accepted Accounting Standards (AICPA), it is necessary to identify and separately handle the accounts of those individuals who cannot pay (indigent or charity) or from those who can pay but refuse to pay (bad debts). For purposes of this document, indigent is defined as income or assets equal to or less than two hundred percent (200%) of FPL. Charity is defined as income or assets greater than two hundred percent (200%) of FPL and less than the sliding scale set forth by the Hospital.

In order for an account to be classified as indigent or charity, the guarantor of the debt must meet the qualifications established by the Board of Trustees as outlined in the accompanying guidelines. It is the intent of this policy to meet the needs of those who are truly indigent but not to reward irresponsibility. The ultimate goal of this policy is to insure as much as possible that the Hospital recovers as much of its receivables as is economically sensible and identifies and spends a minimum of time on those accounts that would be virtually uncollectible even after exhaustive efforts.

Guidelines

1) Services Covered

- a) All inpatient services and all outpatient services are available for charity consideration except elective procedures.
- b) All emergency services
- c) All non-elective, medically necessary inpatient admissions
- d) Clinic services that are generally covered by Medicare and deemed urgent by a physician
- e) Outpatient diagnostics, procedures, or treatments which are generally covered by Medicare and deemed urgent by a physician

2) Income and Asset Qualifications

- a) Patient and/or guarantor's total income will be considered. Income will be based on the immediate six month period prior to the date of application. This income will be doubled

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to achieve an annual equivalent. Income is to be defined as gross income from all sources without consideration for expenses or deductions.

- b) Approval for charity care will be based on a comparison of the current Hospital Charity Care Income Guidelines and the patient/guarantor's established annual income. Dependents will include legal dependents only, i.e., those that could be legally claimed on their federal income tax return.
- c) The U. S. Poverty Income Guidelines issued annually by the Department of Health and Human Services will be adjusted upward to arrive at the Hospital's Charity Income Guidelines.
- d) In an effort to ensure as much as possible those who are truly indigent receive every consideration, the Hospital will reduce outstanding amounts on accounts that exceed the Health Charity Care Guidelines according to income received and amount owed.
- e) Personal assets and real property owned by the patient/guarantor will be considered as an extenuating circumstance. Available assets, other than those legally exempt, up to the value of the debt, must be applied to the debt owed the Hospital prior to any further consideration being given for charity care eligibility. If a patient/guarantor owns real property and that property has a value greater than the exempt amount and their equity is greater than twenty percent (20%) of the overall value, the accounts will not qualify for charity, however, special consideration may be made as stated in item 5.

3) Applicant Cooperation

- a) The applicant for indigent care must fully cooperate with the Hospital in the pursuit of any and all available third party sources of payment. They must provide all necessary documents and information required to insure that they meet the charity guidelines, including but not limited to proof of income, proof of residency, and an accurate listing of assets. Failure to do either of these will automatically disqualify them from consideration except as stated in item 5.
 - i) Should an applicant declare that they have had no income whatsoever for the last six months, they must provide a statement from two (2) different sources/persons who would be in a reasonable position to have knowledge of that fact. These sources must have been residents of Decatur County or the secondary service area for a period of not less than six months.
 - ii) Should the Director of Patient Access be able to establish through alternate means that the patient would qualify for charity, then charity may be granted based on documentation of the alternate means, on balances not to exceed \$100,000.00. Accounts having balances exceeding that amount will require approval of the Chief Financial Officer.
 - iii) Once a guarantor has been approved for charity under the Hospital's guidelines, charity shall be valid for a period of six months from the date of approval.

4) Presumptive Eligibility

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- a) The patient may also qualify for Financial Assistance based on Presumptive Eligibility as discussed below:
 - i) Presumptive Eligibility - If there is adequate information provided by the patient or through other sources, the patient may be deemed presumptively eligible for financial assistance without a formal application. In the event there is little or no evidence to support a patient's eligibility for financial assistance, MHM may use outside agencies in determining estimated income amounts for the basis of determining financial assistance eligibility or potential discount amounts. Presumptive financial assistance will be determined prior to any outside collection activity. The following types of accounts may be considered eligible for financial assistance without documentation under the presumptive eligibility financial assistance program:
 - (a) Referrals from approved community agencies*
 - (b) No estate (deceased and death certificate is presented)*
 - (c) Eligibility for State/Federal Programs where program funding has been exhausted*
 - (d) Food Stamp eligibility*
 - (e) Low income or subsidized housing*
 - (f) Unemployed persons with no Third Party insurance coverage*

5) Other Considerations

- a) Applicants will be evaluated for charity care without regard to race, sex, religion or national origin.
- b) An applicant's personal debts normally will not be considered during the qualification process because the hospital bill will not be made subordinate to other debts for purposes of the charity qualification process.
- c) Whenever possible, a credit bureau search should be performed to determine the applicant's credit history.
- d) Should the applicant's adjusted charges be greater than three times the amount of their income the applicant charges shall be reduced to an amount equal to twenty five percent (25%) of the applicant's income and arrangements for payment shall be offered in accordance to Hospital policy. (Medically indigent)
- e) Applicants applying for financial assistance for the second time may be required to complete an application for the ACA insurance plan before financial assistance will be considered.
- f) Applicants that do not meet the U. S. Poverty Income Guidelines issued by the Department of Health and Human Services or fall within the sliding scale set forth by MHM but have large hospital debts due to inadequate or no health care coverage may be classified as

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medically indigent. Accounts of this type may be referred to a Charity Care Review Board for special consideration.

- g) In cases where the patient or guarantor has expired, a probate claim will be filed whenever possible to protect the Hospital's interest. At such time as the estate is settled or all efforts to recover have been exhausted, any outstanding balance shall be determined eligible for charity write off. In cases where the estate is deemed insolvent, the entire balance shall be eligible for charity. In cases where the patient expires and no assets are listed or estate remains, such accounts shall be eligible for a charity write off.

6) Process

- a) Financial assistance should be discussed with the patient/guarantor only after an exhaustive effort has been made to secure any available third party reimbursement.
- b) An application and any other necessary documentation should be obtained to establish charity care qualifications.
- c) A list of patients/guarantors qualifying for charity based on approved guidelines will be presented in the next Board meeting agenda for official ratification. At this time, the Board may approve or reject any or all applications.
- d) An additional list may be included in the agenda containing applicants who do not meet the charity guidelines, but may have been reviewed by a Charity Care Review committee and for valid reasons are deemed to merit special consideration. Charity Care ad-hoc committee will consist of an employee from the Patient Financial Services, Nursing, Quality Management Review and other areas as appropriate. These members shall be appointed by the Chief Financial Officer and approved by the Chief Executive Officer. Recommendations made by the Charity Care Review committee will be submitted to the Board for final approval.
- e) Board approved accounts that meet the guidelines will be written off the Hospital's Accounts Receivable and no further attempt at recovery from the patient/guarantor will be made. However, if it is later determined that third party sources are available for payment or if it becomes known that the patient's application was fraudulent, then the charity can be withdrawn as necessary to protect the Hospital's best interest.