PURPOSE: To define Charity Care (as distinguished from bad debt), and to establish consistent procedures that outline how to determine a patient's (or a patient's parent(s)/guardian as applicable. "Patient" is used hereinafter to refer to the patient and/or parent/(s) guardian.) ability to pay and a patient's potential eligibility for financial assistance.

POLICY: It is the policy of Vail Valley Surgery Center to provide financial counseling services to patients which includes a determination of a patient's ability to pay and potential eligibility for financial assistance through the Charity Care Program. Written documentation regarding the program should be maintained, reviewed, and updated annually.

GENERAL: Charity Care results from a determination of a patient's ability to pay, not his or her willingness to pay. Criteria to be considered in determining eligibility:

- The patient does not currently qualify for a governmental-based program, for example Medicare or Medicaid.
- The household's gross income. Household incomes up to 300% of the Federal Poverty Guidelines (see Exhibit I) will be used for determining income eligibility. This will be updated annually in accordance with the new guidelines published in the Federal Register.
- The patient's net worth and liquidity.
- The patient's employment status and capacity for future earnings.
- Other living expenses and financial obligations.
- Other available resources.
- Legal residency.
- Catastrophic illnesses where the medical bills exceed 75% of the family’s annual income.
- Other extenuating circumstances.

- Applicants must be 18 years of age or older. If financial assistance is requested is due to the illness or injury of a child, the “applicant” is the child's parent or legal guardian.
- Patients requesting a Charity Care eligibility determination will be provided a Financial Assistance Program application.
- Only medically necessary services are eligible for Charity Care. If feasible, eligibility should be determined prior to services being rendered.
- Patients may be eligible regardless of whether they have other insurance or were eligible to purchase insurance but elected not to purchase it. If the patient has insurance, all insurance benefits should be exhausted and only the patient liability portion is eligible to receive Charity Care.
Residents of Eagle County are eligible for assistance. Patients must be able to verify twelve months of continued residency. A Colorado driver's license or Colorado ID showing an Eagle County address is required. Exceptions to the residency requirement may be made by the Director of Business Operations or Administrator.

Each patient who appears eligible for a Charity Care determination and who requests such determination must complete a Financial Assistance Program Application (Exhibit II) and must provide supporting documentation as requested to verify the patient's financial condition.

All questions on the application must be answered.

Applicants will have 14 days to return requested information. If the requested information is not provided, a second notice will be sent to the patient allowing an additional 14 days. Failure to provide documentation necessary to process the application after the second request may result in a denial of the Financial Assistance Program application.

A "Financial Assistance Program Application Worksheet" (Exhibit II) must be completed for each application and all determinations must be approved by the Director of Business Operations of VVSC before a "Notice of Determination" is sent to the patient.

All Charity Care Program applications and determinations will be kept on file and retained for 7 years.

Account balances that have been written off to bad debt are not eligible for Charity Care.
PROCEDURE FOR DETERMINATION OF ELIGIBILITY:

1) Have the patient complete the “Financial Assistance Program Application” in its entirety in order to determine monthly household income and expenses.

2) Determine if the patient is eligible for any governmental-based assistance programs. If not, continue with Charity Care eligibility determination.

3) Determine if the patient has assets or credit which could cover the costs of the medical care. If not, continue with Charity Care eligibility determination.

4) Determine if the patient qualifies under the Federal Poverty Guidelines, and percentage allowance amounts. If not, continue with Charity Care eligibility determination.

5) Determine if the patient qualifies under the income/expense guidelines as follows:

   Calculate a simple ratio test by comparing basic monthly living expenses (“B” on the application) to monthly income (“A” on the application). B/A = percent of income which pays for basic living expenses.

   - **If the ratio is 75% or greater**, then the patient probably has insufficient cash flow to pay the outstanding balance in a reasonable timeframe. The patient qualifies for Charity Care.

   - **If the ratio is less than 75%**, then the patient may have some means to pay all or a portion of the balance owed, possibly over an extended period, but not to exceed 12 months from service date. Take the difference between monthly income and expenses then divide that amount into the outstanding balance to determine how many months it will take the patient to pay off the charges. You may add up to an extra 3 months as a buffer. Arrange the payment schedule based on this repayment calculation not to exceed 12 months from service date.

   If the patient does not qualify under the income/expense guidelines, continue with Charity Care eligibility determination.

6) Determine if the patient qualifies under the catastrophic illness guidelines, where medical bills exceed 75% of the family’s annual income. If not, continue with Charity Care eligibility determination.

7) Determine if there are any extenuating circumstances which would make the patient eligible for Charity Care.

8) Send the patient a Notice of Determination, informing them of their qualification status.