

Policy Title: Financial Assistance Policy

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**I. PURPOSE:**

The purpose of this Financial Assistance Policy is to define the eligibility criteria and application process for financial assistance for patients who are uninsured or underinsured and receive healthcare services at Stanford Health Care (“SHC”). The policy also describes the types of financial assistance available and how SHC seeks to ensure that patients have access to information about these programs.

**II. POLICY:**

- A. It is the policy of SHC to provide a process for financial assistance. SHC is committed to providing financial assistance in the form of charity care (also referred to in this Policy as Financial Assistance) to uninsured and underinsured individuals who seek and obtain healthcare services from SHC but are not able to meet their payment obligations to SHC without assistance. SHC desires to provide this assistance in a manner that addresses the patients’ individual financial situations, satisfies the hospital’s teaching mission and the health care system’s not-for-profit mission, and meets its strategic, operational, and financial goals.
- B. Financial Assistance is not to be considered a substitute for personal responsibility. Patients are expected to cooperate with SHC’s Financial Assistance requirements, and to contribute to the cost of their care based on their individual ability to pay.
- C. This written Policy:
  - 1. Includes eligibility criteria for Financial Assistance
  - 2. Includes [link](#) to list of providers who are covered by the Policy and those who are not.
  - 3. Describes the basis for calculating amounts charged to patients eligible for financial assistance under this Policy.
  - 4. Describes the method by which patients may apply for financial assistance.
  - 5. Establishes a methodology for determining 'Amounts Generally Billed' as required under IRC 501(r).

**III. DEFINITIONS:**

- A. Charity Care: A 100% waiver of patient financial obligation for Medically Necessary services provided by SHC and included in priority listing (See Guidelines/Charity Care section.). Uninsured and underinsured patients with annualized family incomes not in excess of 400% of the Federal Poverty Guidelines may be eligible for fully discounted care.
- B. Eligibility Qualification Period: Patients determined to be eligible shall be granted Financial Assistance for a period of twelve (12) months. Financial Assistance will also be applied to eligible accounts incurred for services received prior to the Financial Assistance application date.
- C. Emergency medical conditions: As defined within the meaning of section 1867 of the Social Security Act (42 U.S.C. 1395dd), SHC treats persons from outside of an SHC service area if there is an emergent, urgent, or life-threatening condition.
- D. Family: For patients 18 years or older, family includes the patient’s spouse, registered domestic partner, and dependent children under 21 whether living at home or not. For patients under 18 years of age, family includes patient’s parent, caretaker relatives, and other children under 21 years of age of the parent or caretaker. If a patient claims a dependent on their income tax return, according to the Internal Revenue Service rules, that individual may be considered a dependent for

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the purposes of determining financial assistance eligibility. Any and all resources of the household are considered together to determine eligibility under this Policy.

- E. **Family Income:** Family Income is determined using the U.S. Census Bureau definition when determining eligibility based on the Federal Poverty Guidelines.
1. Includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, disability payments, pension or retirement income, interest, dividends, rents, royalties, income from estates and trusts, educational assistance, alimony, child support, financial assistance from outside the household, and other miscellaneous sources.
  2. Non-cash benefits (i.e., Medicare, Medicaid, and Golden State Advantage card EBT benefits, heat assistance, school lunches, housing assistance, need-based assistance from non-profit organizations, foster care payments, or disaster relief assistance) are not counted as income for making an eligibility determination for financial assistance.
  3. Capital gains or losses Determined on a before-tax basis, and
  4. A person's family income includes the income of all adult family members. For patients under 18 years of age, family income includes that of the parents and/or stepparents, unmarried or domestic partners, or caretaker relatives.
- F. **Federal Poverty Guidelines:** Federal Poverty Guidelines are updated annually in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current guidelines can be referenced at <http://aspe.hhs.gov/POVERTY/>
- G. **Financial Assistance:** Assistance provided to patients for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for Medically Necessary services provided by SHC and who meet the eligibility criteria for such assistance. Under this Policy, Financial Assistance is charity care.
- H. **Guarantor:** An individual other than the patient who is responsible for payment of the patient's bill.
- I. **Gross Charges:** The total charges at the organization's full established rates for the provision of patient care services before deductions from revenue are applied.
- J. **Healthcare Services:** Medically Necessary hospital and physician services.
- K. **Special Circumstances Financial Assistance:** Financial assistance that provides a discount to eligible patients with annualized family income in excess of 400% of the Federal Poverty Guidelines and financial obligations resulting from medical services provided by any SHC entity or provider that exceed 10% of annualized family income.
- L. **Medically Necessary:** Healthcare services, including emergency care, which, in the opinion of an SHC treating physician, is a service, item, procedure or level of care that is:
1. Necessary for the proper treatment or management of the patient's illness, injury or disability; or
  2. Reasonably expected to prevent the onset of an illness, condition, injury or disability, or is routine, generally accepted preventive care; or
  3. Reasonably expected to reduce or ameliorate the physical, mental or developmental effects of the patient's illness, condition, injury or disability; or

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4. Will assist the patient to achieve or maintain maximum functional capacity in performing daily activities, taking into account both the functional capacity of the patient and those functional capacities that are appropriate for the patient's age.
- M. **Presumptive Charity:** Determination of eligibility for Financial Assistance based upon socio-economic information specific to the patient that is gathered from market sources.
- N. **Proof of Income:** For purposes of determining Financial Assistance eligibility, SHC will review annual family income from the prior two (2) pay periods and/or the prior tax year as shown by recent pay stubs or income tax returns and other information. Proof of earnings may be determined by annualizing the year-to-date family income, taking into consideration the current earnings rate.
- O. **Providers:** Stanford Health Care, Stanford Health Care Tri-Valley, Stanford University, and providers who are employed by Stanford Medicine Partners, University Medical Partners Medical Group or Menlo Medical Clinic ("Covered Providers").
- P. **Reasonable Payment Plan:** An extended interest free payment plan that is negotiated between SHC and the patient for any patient out-of-pocket fees. The payment plan shall take into account the patient's income, essential living expenses, assets, the amount owed, and any prior payments.
- Q. **Uninsured Patient:** An individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a Federal Health Care Program (including without limitation Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), TriCare/ChampVA, Worker's Compensation, or other third-party assistance to assist with meeting their payment obligations. It also includes patients that have third party coverage, but have either exceeded their benefit cap, or their third-party coverage does not provide coverage for the particular Medically Necessary healthcare services for which the patient is seeking treatment from SHC.
- R. **Underinsured Patient:** An individual, with private or public insurance coverage, for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for Medically Necessary services provided by SHC.

#### IV. **GENERAL GUIDELINES:**

- A. Eligible Services:
  1. Financial Assistance under this Policy shall apply to Medically Necessary services in the licensed hospital facility and affiliated clinics, and to Medically Necessary professional/physician services, delivered by a Covered Provider. A list of Covered Providers can be found at <https://stanfordhealthcare.org/for-patients-visitors/billing/financial-assistance.html>
  2. In the event that there is uncertainty as to whether a particular service is Medically Necessary, a determination shall be made by the Chief Nursing Officer or designee of SHC.
- B. Services NOT Eligible:
  1. Services that are generally not considered to be Medically Necessary and are therefore not eligible for Financial Assistance include, but are not limited to:
    - a. Reproductive Endocrinology and Infertility services
    - b. Cosmetic or cosmetic plastic surgery services
    - c. Assistive hearing & listening devices

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- d. Vision correction services including LASEK, PRK, Conductive Keratoplasty, Intac’s corneal ring segments, Custom contoured C-CAP, and Intraocular contact lens.
  - e. In rare situations where a physician considers one of the above referenced services to be Medically Necessary, such services may be eligible for Financial Assistance upon review and approval by the Chief Nursing Officer or designee of SHC.
2. Professional/physician services delivered by a provider not a Covered Provider A list of community providers not covered by this policy can be found at <https://stanfordhealthcare.org/for-patients-visitors/billing/financial-assistance.html>.
  3. SHC reserves the right to change the list of services deemed to be not eligible at its discretion.
  4. Services that are part of SHC’s special cash-pay or special discounted pricing programs are not eligible. Exceptions that are part of or directly related to this exclusion require review and approval by Senior Leadership.
- C. Patient Eligibility for Financial Assistance – General Provisions:
1. All patients who receive Healthcare Services at SHC may apply for Financial Assistance.
  2. All individuals applying for Financial Assistance are required to follow the procedures in Procedure section below.
  3. SHC shall determine eligibility for charity care based on an individual determination of financial need in accordance with this Policy, and shall not take into account an individual’s age, gender, race, immigrant status, sexual orientation or religious affiliation.
  4. Applicants for Financial Assistance are responsible for applying to public programs for available coverage. They are also expected to pursue public or private health insurance payment options for Healthcare Services provided by SHC. The patient’s, or a patient’s Guarantor’s, cooperation in applying for applicable programs and identifiable funding sources, including COBRA coverage (a federal law allowing for a time-limited extension of health care benefits), is required.
  5. Patients who have out-of-network insurance coverage should seek care within their network. If Medically Necessary services cannot be obtained within their network, charity eligibility will be evaluated for past services only. Out-of-network patients must secure authorization/approval for in-network reimbursement from their insurance for future services at SHC to be eligible for Financial Assistance. Exceptions to this are governed by Special Circumstances Financial Assistance.
  6. Patients, or patients’ Guarantors, who do not cooperate in applying for programs that may pay for their Healthcare Services, will be denied Financial Assistance. SHC shall make affirmative efforts to help a patient or patient’s Guarantor apply for public and private programs.
  7. In accordance with Federal Emergency Medical Treatment and Labor Act (EMTALA) regulations, no patients shall be screened for Financial Assistance or payment information prior to the rendering of services in emergency situations.
  8. The Internal Revenue Service requires SHC to establish a methodology by which patients eligible for Financial Assistance will not be charged more than the Amounts Generally Billed (AGB) for Emergency and other Medically Necessary Services to individuals who have insurance covering such care. For purposes of this requirement, SHC will use a prospective method based on Medicare rates. Per the terms of this Policy however, no patients found eligible for Financial Assistance will be billed any charges for Eligible Services while covered under this Policy.

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9. The Federal Poverty Guidelines shall be used for determining a patient's eligibility for Financial Assistance. Eligibility for Financial Assistance will be based on Family Income.
  10. SHC may employ reasonable collection efforts to obtain payment from patients. General collection activities may include issuing patient statements, phone calls, and referral of statements that have been sent to the patient or guarantor. SHC or collection agencies will not engage in any extraordinary collection actions (as defined by the SHC Debt Collection Policy). Copies of the SHC Debt Collection Policy may be obtained free of charge on the Stanford Health Care billing website at <https://stanfordhealthcare.org/for-patients-visitors/billing/financial-assistance.html>, by calling (800) 549-3720 or within the Hospital Patient Registration, Financial Counseling offices and the emergency department.
- D. Charity Care
1. SHC shall grant *Charity Care* to those patients who apply for Financial Assistance and whom SHC determines as eligible. SHC shall make that determination subject to the following priorities:
    - a. First Priority: Patients who receive emergency services are SHC's first priority for Charity Care. (Consistent with EMTALA, SHC's determination of eligibility for Financial Assistance cannot be made until the patient has received legally required screening and any necessary stabilizing treatment.)
    - b. Second Priority: Patients who have had or will have Medically Necessary services and for whom SHC is the closest hospital to the individual's home or place of work. (In general, if there is a county hospital in the county in which the patient lives or works, and the county hospital can provide the non-emergency service that the patient needs, the patient will be directed to that county hospital.)
    - c. Third Priority: Patients who have had or will have Medically Necessary services and for whom SHC is not the closest hospital to the patient's home or place of work, but for whom one or more of the following factors applies are SHC's third priority for Charity Care:
      - i. The patient has a unique or unusual condition which requires treatment at SHC as determined by the Chief Nursing Officer or designee of SHC; or
      - ii. The patient presents a teaching or research opportunity that will further SHC's teaching missions, as determined by the Chief Nursing Officer.
  2. In rare situations where a physician considers one of the above referenced services to be Medically Necessary, such services may be eligible for Financial Assistance upon review and approval by the Chief Nursing Officer or designee of SHC.
  3. SHC reserves the right to change the list of services deemed to be not eligible at its discretion.
- V. PROCEDURE:
- A. Procedure for Applying for Financial Assistance
1. Any patient who indicates an inability to pay an SHC bill for Healthcare Services shall be evaluated for charity care, or other sources of funding, by SHC Financial Counseling and Patient Financial Advocates.
  2. Any SHC employee who identifies a patient whom the employee believes does not have the ability to pay for Healthcare Services shall inform the patient that Financial Assistance may be available and applications are available in Patient Financial Services, Financial Counseling,

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Patient Admitting Services, the Emergency Department, all clinics, Customer Service, Patient Advocacy, Patient Relations and Social Services in the primary language of 5 percent or more of the primary community served by the hospital.

3. A patient may be screened initially by an SHC Financial Counselor prior to receiving non-emergent services to determine whether or not the patient or Family can be linked to any public or private payer source. If the healthcare service has not yet been provided and is not an emergency, the Financial Counselor will also help the patient determine whether there is a county hospital in the county in which the patient works or resides that can provide the services.
  4. SHC expects patients to cooperate fully in providing information necessary to apply for governmental programs such as Medicare or Medi-Cal, or through the California Health Benefit Exchange for which the patient may be eligible. In addition, the patient will be asked to fill out a Financial Assistance Application.
  5. Any patient who applies for charity care must make every reasonable effort to provide SHC Proof of Income and health benefits coverage. If a patient files an application and fails to provide information that is reasonable and necessary for SHC to make a determination as to eligibility for charity care, SHC may consider that failure in making its determination. The SHC Patient Advocacy Unit will inform patients of the consequences of failure to provide complete information on a timely basis.
  6. In the event SHC denies charity care to a patient who has fulfilled the application requirements set forth in this Policy, the patient may seek review of that determination by contacting the Patient Financial Services department.
  7. Unless a patient is informed otherwise, Financial Assistance provided under this Policy shall be valid for the Eligibility Qualification Period as defined above. However, SHC reserves the right to reevaluate a patient's eligibility for Financial Assistance during that one-year time period if there is any change in the patient's financial status.
  8. A patient can obtain additional information about Financial Assistance or request assistance with the application process at 500 Pasteur Drive, Palo Alto, CA, by calling the Customer Service Billing department, or at any Stanford Health Care location.
- B. Presumptive Eligibility for charity care:
1. SHC recognizes that not all patients, or patients' Guarantors, are able to complete the Financial Assistance application or provide requisite documentation.
  2. For patients, or patients' Guarantors, who are unable to provide required documentation but meet certain financial need criteria, SHC may nevertheless grant Financial Assistance. In particular, presumptive eligibility may be determined on the basis of individual life circumstances that may include:
    - a. State-funded prescription programs
    - b. Homeless or received care from a homeless clinic
    - c. Participation in Women, Infants and Children programs (WIC)
    - d. Supplemental Nutrition Assistance Program (SNAP) (e.g., food stamp eligibility)
    - e. Subsidized school lunch program eligibility



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- f. Eligibility for other state or local assistance programs that are unfunded (e.g., Medicaid spend-down)
  - g. Low income/subsidized housing is provided as a valid address; and/or
  - h. Patient is deceased with no known estate.
3. For patients, or their Guarantors, who are non-responsive to the SHC application process, other sources of information, as described below, may be used to make an individual assessment of financial need. This information will enable SHC to make an informed decision on the financial need of non-responsive patients.
  4. For the purpose of assisting a patient that communicates a financial hardship, SHC may utilize a third-party to review a patient's, or the patient's Guarantor's, information to assess financial need.
  5. This review utilizes a health care industry-recognized, predictive model that is based on public record databases. The model incorporates public record data to calculate a socio-economic and financial capacity score. The model's rule set is designed to assess each patient to the same standards and is calibrated against historical Financial Assistance approvals for SHC. The predictive model enables SHC to assess whether a patient is characteristic of other patients who have historically qualified for Financial Assistance under the traditional application process.
  6. Information from the predictive model may be used by SHC to grant presumptive eligibility to, or to satisfy the documentation requirements for patients or their Guarantors. In cases where there is an absence of information provided directly by the patient, and after efforts to confirm coverage availability, the predictive model provides a systematic method to grant presumptive eligibility to patients in financial need.
  7. In the event a patient does not qualify under the presumptive rule set, the patient may still provide requisite information and be considered under the traditional Financial Assistance application process set forth above in the Procedure section.
  8. Patient accounts granted presumptive eligibility status will be adjusted accordingly. These accounts will be reclassified under the Financial Assistance Policy. The discount provided will not be sent to collection and will not be included in SHC bad debt expense.
  9. Presumptive screening provides a community benefit by enabling SHC to systematically identify patients in financial need, reduce administrative burdens and provide financial assistance to patients and the Guarantors, some of whom have not been responsive to the financial assistance application process.

## VI. NOTIFICATION ABOUT FINANCIAL ASSISTANCE:

- A. To make information readily available about its Financial Assistance Policy and program, SHC will do the following:
  1. Post this policy, a summary, and the SHC Financial Assistance Application on the SHC website.
  2. Conspicuously post notices on the availability of Financial Assistance in emergency departments, urgent care centers, admitting and registration departments, Patient Financial Services, and at other locations that SHC deems appropriate.

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3. Make paper copies of the policy, policy application form and the plain language summary of the policy available upon request and without charge both by mail and in public locations.
4. Notifying patients by offering a paper copy of the summary as part of intake or discharge process.
5. Including conspicuous written notice on billing statements about the availability of Financial Assistance including the phone number of the hospital office that can provide information about the policy and application process, and the website address where the policy is posted.
6. Provide notices and other information on Financial Assistance to all patients in the primary language of the lesser of 1,000 patients or 5 percent or more of the primary community served by the hospital.
7. Make available its Financial Assistance Policy or a program summary to appropriate community health and human services agencies and other organizations that assist people in financial need.
8. Include information on Financial Assistance, including a contact number, in patient bills and through oral communication with uninsured and potentially underinsured patients.
9. Provide financial counseling to patients about their SHC bills and make the availability of such counseling known. (Note: it is the responsibility of the patient or the patient's Guarantor to schedule assistance with a financial counselor.)
10. Provide information and education on its Financial Assistance and collection policies and practices available to appropriate administrative and clinical staff.
11. Encourage referral of patients for Financial Assistance by SHC representative or medical staff, including physicians, nurses, financial counselors, social workers, case managers, chaplains, and religious sponsors.
12. Encourage and support requests for Financial Assistance by a patient, a patient's Guarantor, a family member, close friend or associate of the patient, subject to applicable privacy laws.
13. Respond to any oral or written requests for more information on the Financial Assistance Policy made by a patient or any interested party.

**VII. COMPLIANCE:**

- A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at Stanford Medicine Health Care (SHC) are responsible for ensuring that individuals comply with this policy.
- B. Violations of this policy will be reported to the Department Manager and any other appropriate Department as determined by the Department Manager or in accordance with SHC policy. Violations will be reported to the Compliance Department by the Department Manager and investigated to determine the nature, extent, and potential risk to SHC. Workforce members who violate this policy will be subject to the appropriate disciplinary action up to and including termination.

**VIII. RELATED DOCUMENTS / PROCEDURES:**

- A. Financial Assistance Application
- B. Federal Poverty Guidelines



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- C. Uninsured Patient Discount Policy
- D. Debt Collection Policy
- E. EMTALA: Compliance with Emergency Medical Treatment and Active Labor Act

**IX. DOCUMENT INFORMATION:****A. Legal References / Regulatory Requirements:**

1. California Health and Safety Code Sections 127400 to 127446, as amended.
2. California Code of Regulations, Title 22
3. Federal Patient Protection and Affordable Care Act, Section 501(r) of the Internal Revenue Code.
4. American Hospital Association's Patient Billing Guidelines
5. Consolidated Omnibus Reconciliation Act (COBRA), Section 9121 (EMTALA)

**B. Original Document:**

1. Author and Date: October 2004, David Haray, Vice President, Patient Financial Services

**C. Stored in: Administrative – Department Manual****D. Review and Renewal Requirements:**

1. This policy will be reviewed and/or revised biennially or as required by change of law or practice.

**E. Review and Revision History:**

1. January 2010, David Haray, Vice President, Patient Financial Services
2. March 2011, Sarah DiBoise, Chief Hospital Counsel
3. November 2014, Andrea Fish, Office of General Counsel, Terri Meier, Director Patient Financial Services, Michael Honeyman, Assistant Director Patient Financial Services
4. March 2015, Andrea Fish, Office of General Counsel, Michael Honeyman Assistant Director Patient Financial Services
5. December 2016, Andrea Fish, Office of General Counsel, Michael Honeyman, Director Self Pay Management Office
6. February 2020, Andrea Fish, Office of General Counsel, Kristine Grajo, Director Self Pay Management Office
7. April 2023, Sarah J. Diboise, Office of General Counsel, Sondra Hornsey, Interim Chief Compliance and Privacy Officer, Noel Juaire, Executive Director, Patient Financial Services, Kristine Grajo, Director Patient Financial Services – Self Pay Management Office

**F. Approvals:**

1. September 2007, Reviewed by SHC Board of Directors
2. August 2010, SHC Operations Group
3. May 2011, SHC Operations Group
4. July 2015, James Hereford, Chief Operating Officer
5. August 2015, SHC Board Credentials, Policies & Procedures Committee
6. March 2020, Policy & Procedure Steering Committee
7. April 2020, Operational Leadership Team Committee; SHC Board of Credentials and P&P Committee

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8. May 2023, Noel Juare, Executive Director, Hospital and Professional Patient Financial Services; Policy & Procedure Committee
9. June 2023 Operational Leadership Team Committee; SHC Board of Credentials and P&P Committee

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