

Policy Title	Watsonville Community Hospital Financial Assistance Policy	Policy #	BUS1000
Responsible	Revenue Cycle Director	Revised/Reviewed	12/2022, 06/2025

## I. PURPOSE

Pajaro Valley Health Care District Hospital Corporation dba Watsonville Community Hospital, a nonprofit hospital, offers a financial assistance policy for its patients. The financial assistance policy describes Watsonville Community Hospital's policy for both charity care (free care) and discounted payment (reduced but not free care), and the process for patients who need help paying for their emergency and medically necessary care (care that a doctor decides is needed for your health).

The intent of this policy is to satisfy the requirements of Section 501(r) of the Internal Revenue Code and California Health and Safety Code sections 127400 to 127446.

## II. POLICY

- A. Watsonville Community Hospital's financial assistance policy is designed to support patients who financially qualify and is not intended to replace any third-party coverage (such as insurance through an employer or government program). Watsonville Community Hospital will make reasonable efforts to assist patients with their financial responsibility for emergency and medically necessary hospital services.

Patients who may qualify for financial assistance include:

1. Patients without insurance and/or who are not eligible for third-party coverage;
  2. Patients with third-party coverage that does not fully cover hospital charges; and
  3. Patients with high medical costs, as defined by state and federal law, whose incomes are at or below 400% of the federal poverty level.
- B. Watsonville Community Hospital's financial assistance policy applies to emergency and medically necessary care, as described in the definitions below. The policy does not extend to physician services, which are billed separately.

### III. DEFINITIONS

- A. **Amounts Generally Billed:** The amounts generally billed for emergency or other medically necessary care to individuals who have insurance covering such care. Watsonville Community Hospital uses a method based on past payments from Medicare to determine the average amount that insured patients usually pay for the same services.
- B. **Charity Care (Free Care):** Hospital services that are offered at a 100% discount of the patient financial obligation for emergency and medically necessary care (e.g., eligible patients and families who earn at or below 250% of the federal poverty level).
- C. **Discounted Payment (Reduced But Not Free Care):** A partial discount of the patient financial obligation for emergency and medically necessary care for patients who qualify (e.g., eligible patients and families who earn above 250% and up to 400% of the federal poverty level).
- D. **Eligibility Determination Period:** Patients determined to be eligible are granted financial assistance for a period of twelve (12) months. Financial assistance will become effective on the admission or service date of the emergency or medically necessary care for which the assistance is being sought.
- E. **Emergency and Medically Necessary Care:** Any hospital emergency, inpatient, outpatient, or emergency medical care that is not entirely elective for patient comfort and/or convenience. (Typical non-medically necessary services would be cosmetic surgery, infertility treatments, and alternative therapies.)
- F. **Emergency Medical Treatment & Labor Act (EMTALA):** In 1986, Congress enacted the Emergency Medical Treatment & Labor Act (EMTALA) to ensure public access to emergency services regardless of ability to pay. Section 1867 of the Social Security Act imposes specific obligations on Medicare-participating hospitals that offer emergency services to provide a medical screening examination when a request is made for examination or treatment for an emergency medical condition, including active labor, regardless of an individual's ability to pay. Hospitals are then required to provide stabilizing treatment for patients with emergency medical conditions. If a hospital is unable to stabilize a patient within its capability, or if the patient requests, an appropriate transfer should be implemented. See Watsonville Community Hospital's EMTALA policy for further guidance.
- G. **Essential Living Expenses:** Expenses for any of the following: rent or house payment and maintenance; food and household supplies; utilities and telephone; clothing, medical and dental payments; insurance; school or childcare; child or spousal support; transportation and auto expenses, including insurance, gas, and repairs; installment payments; laundry and cleaning; and other extraordinary expenses.

- H. **Extended Payment Plan:** A payment plan that allows a patient to pay their remaining financial obligation over time, for up to 36 months. Extended Payment Plans are interest-free and are negotiated between Watsonville Community Hospital and the patient (or guarantor), taking into account the patient's family income and essential living expenses.

If the hospital and patient cannot agree on terms, Watsonville Community Hospital will offer a reasonable payment plan, defined as monthly payments that do not exceed 10% of the patient's monthly family income, excluding essential living expenses, as required by California law.

- I. **Extraordinary Collection Actions (ECAs):** Extraordinary collection actions (ECAs) are legal or credit-related actions a hospital may take to collect payment for care. These actions go beyond standard billing and may negatively impact a patient's financial standing. ECAs include:

- Selling a patient's debt to a third party
- Reporting unpaid bills to credit reporting agencies or credit bureaus
- Deferring or denying medically necessary care, or requiring upfront payment for such care, because of nonpayment of previous bills covered under Watsonville Community Hospital's financial assistance policy
- Taking legal action or using the court system to collect payment

**Examples of legal actions that are considered ECAs include:**

- Placing a lien on a patient's property
- Foreclosing on real estate owned by the patient
- Seizing or freezing a bank account or other personal property
- Filing a lawsuit against the patient
- Causing the patient to be arrested or detained
- Requesting a court order (writ of body attachment)
- Garnishing the patient's wages

**What is not considered an ECA:**

- Filing a claim in a bankruptcy proceeding

- Placing a lien on a judgment or settlement a patient receives for personal injuries caused by a third party (when Watsonville Community Hospital provided care related to those injuries)
- J. **Family:** For patients 18 years or older, family includes the patient's spouse, domestic partner, and dependent children under 21. 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 the purposes of determining financial assistance eligibility. Eligibility is based solely on family income, consistent with the federal policy guidelines. Assets such as savings, property, or investments are not considered when determining eligibility.
- K. **Family Income:** The combined gross income received by the patient and all adult family members. This includes wages, salaries, tips, income from self-employment, unemployment benefits, workers' compensation, Social Security and Supplemental Security Income (SSI), public assistance, veterans' benefits, survivor or disability benefits, pension or retirement income, interest, dividends, rental income, royalties, income from estates or trusts, educational assistance not designated for tuition or fees, alimony, child support, regular financial support from individuals outside the household, capital gains or losses, and other similar sources of income. For patients under 18 years of age, family income includes the income of the patient's parents and/or caretaker relatives.
- Note:** Assets such as savings, investments, and property that do not produce income are not considered part of family income. Qualified retirement and deferred compensation plans are also excluded.
- L. **Federal Poverty Level / Federal Policy Guidelines:** A measure of income issued every year and 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 <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.
- M. **Financial Assistance:** Assistance provided to patients and their families that qualify for financial help to fully or partially pay their portion of emergency and medically necessary care received at Watsonville Community Hospital, as defined in this policy.
- N. **Guarantor:** An individual other than the patient who is responsible for payment of the bill.
- O. **High Medical Costs:** 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 emergency or medically necessary services that exceed 10% of annualized family income.

- P. **Presumptive Eligibility:** A hospital facility may presumptively determine that an individual is eligible for financial assistance based on information other than that provided by the individual (e.g., socio-economic information specific to the patient that is gathered from market sources) or based on a prior financial assistance eligibility determination.

A presumptive determination that an individual is eligible for less than the most generous assistance available under a financial assistance policy constitutes “reasonable efforts” to determine financial assistance eligibility if a hospital facility:

- Notifies the individual regarding the basis for the presumptive eligibility determination and how he or she may apply for more generous assistance available under the financial assistance policy;
- Gives the individual a reasonable period of time to apply for more generous assistance before initiating ECAs to obtain the discounted amount owed for the care; and
- Processes any complete financial assistance application the individual submits at any time, including after any previously defined administrative timelines, as long as the application includes proof of income such as recent pay stubs or a recent income tax return showing the patient’s or guarantor’s earnings.

Watsonville Community Hospital may use a third-party to review public data to estimate a patient’s ability to pay. However, presumptive eligibility determinations for financial assistance are based only on income-related information, consistent with Watsonville Community Hospital’s financial assistance policy and the federal policy guidelines. Asset or credit information is not used to determine eligibility.

- Q. **Proof of Income:** For purposes of determining Financial Assistance eligibility, Watsonville Community Hospital will review a patient’s annual family income as shown by recent pay stubs or recent income tax returns. Proof of earnings may be determined by annualizing the year-to-date family income, taking into consideration the current earnings rate. “Recent income tax returns” are tax returns that document a patient’s income for the year in which the patient was first billed or 12 months prior to when the patient was first billed. “Recent paystubs” are paystubs within a 6-month period before or after the patient is first billed by the hospital.
- R. **Share of Cost:** For an individual on Medi-Cal, the amount the individual agrees to pay for health care before Medi-Cal starts to pay.

- S. **Uninsured Patient:** An individual having no third-party coverage by a commercial third-party insurer, an ERISA plan, a government program 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, have been denied coverage, or have insurance that does not provide coverage for the emergency or medically necessary care for which the patient is seeking treatment from Watsonville Community Hospital.
- T. **Underinsured Patient:** An individual, with third-party insurance coverage, for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for medical services provided by Watsonville Community Hospital.

#### IV. PHYSICIAN SERVICES

- A. The physicians working at Watsonville Community Hospital are independent contractors and bill separately for their services.
- B. A list of physicians that care for patients at Watsonville Community Hospital is available at <https://watsonvillehospital.com/>. Hardcopies of the physician list can be obtained in the admission or registration areas.
- C. An emergency physician who provides emergency medical services is also required by law to provide discounts to uninsured patients or patients with high medical costs who are at or below 400% of the federal poverty level.

#### V. COMMUNICATION REGARDING FINANCIAL ASSISTANCE

Notification regarding Watsonville Community Hospital's financial assistance policy is attained by:

- A. **Posters.** Posters regarding the availability of financial assistance are posted in the following areas:
  - 1. Financial Counseling Office
  - 2. Emergency Department
  - 3. Business Office
  - 4. Patient Access Department
  - 5. All admitting and registration desks
  - 6. Other places within the community served by Watsonville Community Hospital as it chooses
  - 7. Watsonville Community Hospital's internet website with a link to the policy

- B. **Paper Copies.** Paper copies of Watsonville Community Hospital's financial assistance policy, financial assistance application and a plain language summary of the policy are available upon request and without charge in Watsonville Community Hospital's Financial Counseling Office, Emergency Department, Business Office, Patient Access Department, and admitting and registration areas. Patients may also request that copies of these documents be sent to them electronically or mailed.
- C. **Written Notice.** A written notice about Watsonville Community Hospital's financial assistance is provided to the patient either at the time of admission or discharge depending on the patient's condition on admission.
- D. **Plain Language Summary.** A plain language summary of the financial assistance policy that includes the information listed below:
1. The contact information, including telephone number and physical location Watsonville Community Hospital office or department that can provide information about the policy
  2. The office or department at Watsonville Community Hospital that can provide assistance with the application process
  3. Instructions on how the individual can obtain a free copy of the policy and application form by mail
  4. The direct website address (URL) and physical locations where the individual can obtain copies of the policy and application form
  5. A statement that an individual eligible for financial assistance may not be charged more than amounts generally billed for emergency or other medically necessary care
- E. **Translations.** The financial assistance policy, plain language summary of the financial assistance policy, notices, posted signs and other communication related to the financial assistance policy will be printed in the appropriate languages and provided to patients as required.
- F. **Website.** Watsonville Community Hospital's website: The following resources are on Watsonville Community Hospital's website at <https://watsonvillehospital.com/> free of charge. They are available in the primary languages of significant patient populations with limited English proficiency:
1. Financial assistance policy
  2. Plain language summary of the financial assistance policy
  3. Financial assistance billing and collections policy

4. Financial assistance applications
- G. **Billing Statements.** Community Hospital's billing statements include:
1. A statement on the availability of financial assistance
  2. The telephone number for Watsonville Community Hospital staff that provides help with the application process, and the website address where the financial assistance policy, plain language summary of the financial assistance policy, and financial assistance application can be found.
- H. **Community Events.** The plain language summary of the financial assistance policy will be available at community events and will be provided to local agencies that offer consumer assistance.

## VI. INSURANCE PROGRAM ELIGIBILITY SCREENING PROCESS

All patients are screened for the ability to pay and/or to determine eligibility for payment programs including financial assistance. Emergency patients are not screened until after the EMTALA-required medical screening exam. Once a patient is eligible for screening, the Watsonville Community Hospital staff will:

- A. **Reasonable Efforts.** Make reasonable efforts to obtain information from the patient about whether private or public health insurance may fully or partially cover the charges for emergency and medically necessary care.
- B. **Provide Assistance.** Provide help in assessing the patient's eligibility for Medi-Cal, Medicare, the California Health Benefit Exchange, or any other third-party coverage as part of the application process for financial assistance.

## VII. FINANCIAL ASSISTANCE GENERAL GUIDELINES

- A. **Application Requirement.** All patients applying for financial assistance are required to follow the procedures in Section VIII below (Financial Assistance Application Process).
- B. **Nondiscrimination.** Watsonville Community Hospital will determine eligibility for financial assistance based on an individual's determination of financial need in accordance with this policy, without regards to an applicant's age, gender, race, immigrant status, sexual orientation, or religious affiliation.
- C. **Emergency Care and EMTALA Compliance.** No patient will be screened for financial assistance or payment information prior to the rendering of services in emergency situations.



- D. **Limits on Charges.** Watsonville Community Hospital limits the amounts billed to patients who qualify for financial assistance, in accordance with both federal and state law.
1. Under federal law (Internal Revenue Code Section 501(r)), Watsonville Community Hospital ensures that patients who qualify for charity care or discounted payment are not charged more than the amounts generally billed (AGB) to individuals who have insurance for the same emergency or medically necessary services. Watsonville Community Hospital calculates AGB using the prior year's Medicare allowable rates.
  2. Under California law (Hospital Fair Pricing Act), patients who qualify for discounted payment (with family income above 250% and up to 400% of the federal poverty level) will not be charged more than the amount Watsonville Community Hospital would expect to receive, in good faith, from Medicare or Medi-Cal, whichever is greater, for the same services.
- E. **Coordination with Third-Party Coverage.** The patient or guarantor is responsible for meeting the conditions of coverage of their health plan, if they have a health plan or other third-party coverage.
- F. **Income Eligibility Standard.** The federal poverty guidelines will be used for determining a patient's eligibility for financial assistance. Eligibility for financial assistance will be based on family income.
- G. **Collection Practices.** Watsonville Community Hospital will use 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. Watsonville Community Hospital or collection agencies will not engage in any extraordinary collection actions.
- H. **Presumptive Eligibility Determination.** Presumptive financial assistance occurs when Watsonville Community Hospital staff may assume that a patient will qualify for financial assistance based on information received by the hospital (i.e., homelessness, etc.).
1. A financial counselor will complete a financial assistance application for the patient, to include:
    - a. The reason the patient, or patient's guarantor, cannot apply on his/her own behalf; and
    - b. The patient's documented medical or socio-economic reasons that stop the patient, or patient's guarantor, from completing the application.

2. Watsonville Community Hospital may also assign patient accounts to be evaluated for presumptive eligibility for charity care or discounted payment, if they think that the patient may need financial help paying the bill. This may occur if:
  - a. The patient's medical record documents that they are homeless or currently in jail or prison.
  - b. It is verified that the patient expired with no known estate.
  - c. The patient qualifies for a public benefit program including Social Security Disability Insurance (SSDI), Unemployment Insurance Benefits, Medi-Cal, County Indigent Health, Aid to Families with Dependent Children (AFDC), Food Stamps, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), etc.
  - d. The patient has not completed a financial assistance application or responded to requests for documentation.
3. If the patient does not or cannot respond to the application process, then the patient's account will be screened using the presumptive eligibility information outlined above to make an individual assessment of financial need.
4. Watsonville Community Hospital may use a third-party to review public data to estimate a patient's ability to pay. However, eligibility for charity care and discounted payment is based only on family income, not on assets or other financial information, and follows the federal policy guidelines.
5. Electronic technology will be used after all other eligibility and payment sources have been tried before a patient account is considered bad debt and turned over to a collection agency. This ensures that Watsonville Community Hospital screens all patients for financial assistance before taking any collection actions.
6. Patient accounts granted presumptive eligibility will be reclassified under the financial assistance policy. Watsonville Community Hospital will not:
  - a. Send them to collection agencies, debt buyers, or other assignees; or
  - b. Subject them to further collection actions.
- I. **Charity Care (Free Care).** Charity care is granted to eligible patients and families who earn at or below 250% of the federal poverty level. 100% of their

emergency and medically necessary services will be discounted for the eligibility qualification period of one year. This type of care applies to uninsured and underinsured patients.

J. **Discounted Payment (Reduced But Not Free Care).** Discounted payment is available to eligible patient and families who earn above 250% and up to 400% of the federal poverty level. For patients who qualify, the amount billed for emergency and medically necessary services will not exceed the amount Watsonville Community Hospital would expect to receive, in good faith, from Medicare or Medi-Cal, whichever is greater. This discounted payment is available to both uninsured and underinsured patients and is valid for a period of one year from the date of eligibility determination.

K. **Extended Payment Plan Terms**

1. If a patient qualifies for financial assistance and owes a remaining balance, Watsonville Community Hospital will offer an Extended Payment Plan. The hospital and the patient (or guarantor) shall negotiate the terms of the plan, taking into account the patient's family income and essential living expenses.
2. If no agreement is reached, Watsonville Community Hospital will offer a reasonable payment plan, which means monthly payments will not exceed 10% of the patient's monthly family income, excluding essential living expenses.
3. All Extended Payment Plans are interest-free and may extend for up to 36 months. Watsonville Community Hospital will not pursue collection actions against patients making timely payments under an agreed Extended Payment Plan.

VIII. **FINANCIAL ASSISTANCE APPLICATION PROCESS**

A. **Required Documentation**

To qualify for financial assistance, a completed application must be submitted. Watsonville Community Hospital uses the information in the application and supporting documents to determine eligibility based on income.

The following documents are required to verify income:

1. Copies of the patient's or guarantor's recent paystubs from within 6 months before or after the date the patient was first billed by the hospital; or
2. A copy of the patient's most recent tax return showing income for the year of billing or the 12 months prior.

If neither document is available, Watsonville Community Hospital may accept a signed affidavit from the patient explaining their current income status.

**Note:** Any information submitted for financial assistance purposes will not be used in collection efforts.

**B. Application Timing**

1. Watsonville Community Hospital will review and process a financial assistance application at any time, even after services have been provided or bills have been sent, as long as the application includes proof of income such as:
  - a. Recent pay stubs (from within 6 months before or after the first bill was sent), or
  - b. A recent income tax return (from the year the patient was billed or the year before).
2. There is no deadline to apply. If this type of documentation is provided, Watsonville Community Hospital will evaluate the application to determine if the patient qualifies for charity care or discounted payment. Any reference to an “application period” in this policy or in Watsonville Community Hospital’s billing procedures is for internal processing purposes only and does not affect a patient’s right to apply.

**C. Eligibility Criteria for Financial Assistance**

1. Patients are uninsured or underinsured or have high medical costs and are unable to pay for their care may be eligible for financial assistance.
2. An initial financial assistance determination will be based on the patient’s individual or family income and family size, as determined by tax returns or recent pay stubs. Family size includes all legally qualified dependents. Eligibility will be determined solely based on income, consistent with the federal policy guidelines. Watsonville Community Hospital does not require patients to provide information about monetary assets such as savings, investments, or property, unless those assets produce regular income. Retirement and deferred compensation plans are not considered income for purposes of determining eligibility.
3. For patients on Medi-Cal with a Share of Cost, these amounts are not eligible for financial assistance.
4. A patient may qualify for financial assistance if they meet one of the following:
  - a. Family income is at or below 400% of the federal poverty level.

- b. Family income does meet the federal poverty limit of 400%, but allowable charges for emergency and medically necessary care exceed 10% of the family income (i.e., the patient has high medical costs).

#### **D. Financial Assistance Levels**

1. Patients who qualify for financial assistance cannot be charged more than the amounts generally billed for emergency and medically necessary care.
2. Charity care and discounted payment are based on family income.
3. Patients earning at or below 250% of the federal poverty level will be eligible for charity care (free care). Patients earning above 250% and up to 400% of the federal poverty level will be eligible for discounted payment (reduced but not free care). The amount billed for their emergency or medically necessary services will not exceed the amount Watsonville Community Hospital would expect to receive, in good faith, from Medicare or Medi-Cal, whichever is greater.
4. Reasonable efforts will be made to make a determination of eligibility within fifteen (15) business days of receipt of all requested documentation. Details of the charity care or discounted payment will be provided to the patient or the patient's representative.
5. The eligibility determination period will be valid for a period of twelve (12) months (one year) from the date of determination unless the patient's circumstances have changed.
6. At the time of the evaluation, should it be determined that the patient has paid more than required, a refund of the overpayment will be made.

#### **E. Approvals and Appeals**

1. Once a completed application has been reviewed and deemed complete by the financial counselor, the application will proceed to the director or officer set forth below for final approval based on the dollar value of the write off:
  - a. Revenue Cycle Director approves <\$50,000
  - b. Chief Financial Officer approves \$50,000-\$100,000
  - c. Chief Executive Officer approves >\$100,000
2. Patients can submit a written request for reconsideration to the Chief Financial Officer of Watsonville Community Hospital if they believe the

application was not approved according to the policy or disagree with how the policy has applied.

3. The Chief Financial Officer will have final level of approval.
4. Appeals dated more than ninety (90) days after application approval date will not be considered.

#### **IX. AUTHORIZED BODY AND REPORTING REQUIREMENTS**

The Watsonville Community Hospital executive team will review and update this policy and make recommendations to the Watsonville Community Hospital Board of Directors on a biennial basis (i.e., every other year) unless there are changes in the California Health and Welfare Code section 127400-127449, Internal Revenue Code 501(r), or any other regulations deemed to impact this policy.

Watsonville Community Hospital is required to upload this policy to the California Department of Health Care Access and Information at least biennially on January 1, or when a significant change is made.