

July 13, 2004

Board of Supervisors
Courthouse
Stockton, California

Dear Board Members:

SAN JOAQUIN GENERAL HOSPITAL
PATIENT FINANCIAL RESPONSIBILITY POLICY

RECOMMENDATION:

It is recommended that the Board of Supervisors replace the San Joaquin General Hospital (SJGH) Patient Liability Policy originally adopted by the Board on July 20, 1976 and amended on August 26, 1980, with resolutions 76-3617 and 80-1693, respectively, with the proposed Patient Financial Responsibility Policy, effective September 1, 2004 (attached).

1.

REASON FOR RECOMMENDATION:

The current policy is outdated and has not kept pace with the changes in health care and the current economic environment of the County, state or nation. The proposed policy will assure subsidized charity and indigent health care that is provided by San Joaquin County is directed at those who are truly the most needy, and if the patient is qualified they will not be burdened with medical bills they can't afford due to their indigent status.

Policy Summary

The recommended policy addresses the following:

- Define general indigent eligibility provisions and requirements of the County Medically Indigent Program (CMIP).
- Establish levels of patient financial responsibility; including co-payments for services.
- Establish a provision for catastrophic charity adjustments.
- Establish means tested criteria for determining program eligibility.

Eligibility

With many other California counties revising and placing limits on the criteria used to determine who is eligible to receive indigent medical care, San Joaquin County cannot afford to become a magnet for patients seeking non-emergent care that has otherwise been declined to them.

- To be eligible for CMIP, the patient must legally reside in San Joaquin County.
 - Continuous 30 day period of residency.
 - Evidence of lawful residency is required.
- To be eligible for CMIP, the patient must meet certain income/resources criteria.
 - Must have income at or below 300% of the Federal Poverty Level (FPL).
 - Must not have assets exceeding \$10,000, excluding house/car.
- SJGH will serve the emergency health care needs of everyone.

Patient Financial Responsibility

Patients who are eligible for indigent health care under the CMIP, may also be responsible for making a co-payment for services. The income and resources available to the patient will determine the amount of the co-payment, if any. Co-payments are an effective tool for controlling inappropriate utilization by patients. Co-payments will not be used to deny or delay emergency services.

- Co-payments are based on income and resources.
- Truly needy patients will be not be assigned a co-payment.
- Co-payments are due at the time services are provided.
- SJGH will serve the emergency health care needs of everyone, regardless of a patient's ability to pay.

Catastrophic Charity Adjustments

Underinsured and self pay patients may face a disproportionate payment burden, in the event that they are liable for significant medical expenses, as the result of a catastrophic event. When a self pay or underinsured patient meets certain income criteria, and they can demonstrate financial hardship, they may qualify for a charity adjustment.

- In the event of a catastrophic occurrence, resulting in a significant medical financial liability to the patient.
- Must be within 500% of the FPL.
- Must demonstrate a financial hardship.

Establishing Means Based Criteria for Eligibility

Hospital staff have been trained to identify public assistance programs or hospital-based assistance programs that patients may qualify for. Often, patients are not aware of other programs they may be eligible for until SJGH conducts an interview. If eligible, access is enhanced and the financial burden may be shifted away from the county. Through the criteria established by this proposed policy, staff can review the patient's income and resources to determine if they qualify for free or reduced-cost care. This well-developed criteria will enable equal access and consistent treatment of those who need financial help with their hospital bill. It is important for the hospital to balance the needs of the community with fiduciary responsibility. Moreover, sustainability of the hospital remains essential to maintaining programs and services.

- Assists with determination of coverage of services through other programs.
- Clearly stated eligibility criteria.
- Consistent application of policy guidelines.

Policy Development

This policy was developed based upon extensive research, peer interviews and regulatory guidance. Similar program changes have been enacted in Kern, Stanislaus, Alameda and other counties. SJGH believes that the fear of a hospital bill should not prevent any San Joaquin County resident from seeking health care services. Through the development and implementation of this Patient Financial Responsibility Policy, the County fulfills its legal commitment to provide indigent medical care to patients who cannot pay for part or all of the care they receive. However, it is critical that the policy balances a patient's need for financial assistance with the broader fiscal limitations of the County. Moreover, financial assistance provided by the hospital must also encourage that patients also accept personal responsibility for their care. Patients will contribute specified amounts to the cost of their care, based upon their individual ability to pay, and predetermined objective criteria.

FISCAL IMPACT:

According to the audited financial statements for the fiscal year ended June 30, 2004, estimated costs and expenses incurred to provide free care totaled \$44,904,604. It is difficult to estimate what the actual cost savings would be from the implementation of

this proposed policy, however, it is expected to be significant. A one percent improvement in the recovery of charges can be expected to generate over \$2.5 million annually. Moreover, the new policy will improve the ability of the hospital to make certain that only those patients who are determined to be eligible receive free or reduced cost care under the County Medically Indigent Program.

ACTION TO BE TAKEN FOLLOWING APPROVAL:

Once approved, the policy will be fully implemented.

Sincerely,

Kenneth B. Cohen, Interim Director
Health Care Services

KBC:AMM

cc: Auditor-Controller
Clerk of the Board for Agenda xx/xx/04