

**COMMONSPIRIT HEALTH
GOVERNANCE POLICY ADDENDUM**

ADDENDUM Finance G-003A-1

EFFECTIVE DATE: July 1, 2022

SUBJECT: Financial Assistance - California

ASSOCIATED POLICIES

CommonSpirit Governance Policy
CommonSpirit Governance Policy

Finance G-003, *Financial Assistance*
Finance G-004, *Billing and Collections*

As described in its CommonSpirit Governance Policy *Legal G-003, Financial Assistance* (the Financial Assistance Policy), it is the policy of CommonSpirit Health, and each of its tax-exempt Direct Affiliates¹ and tax-exempt Subsidiaries² that operate a Hospital Facility (referred to individually as a CommonSpirit Hospital Organization and collectively as CommonSpirit Hospital Organizations), to provide, without discrimination, Emergency Medical Care and Medically Necessary Care (as defined in the Financial Assistance Policy and herein referred to as EMCare) in CommonSpirit Hospital Facilities to all patients, without regard to a patient's financial ability to pay.

This California addendum (Addendum) documents CommonSpirit Hospital Organizations' compliance with the Hospital Fair Pricing Policies outlined in the California Health and Safety Code (Sections 127400-127446). All references to CommonSpirit Hospital Organizations herein refer to facilities located in the State of California. If any provision of this Addendum is in conflict with, or inconsistent with, any provision of the Financial Assistance Policy or CommonSpirit Governance Policy *Legal G-004, Billing and Collections*, this Addendum shall control.

I. DEFINITIONS

Charity Care means full Financial Assistance (i.e., 100% discount) to qualifying patients that relieves the patient and his or her guarantor of their entire financial obligation to pay for eligible services. Charity Care does not reduce the amount, if any, that a third party may be required to pay for eligible services provided to the patient. Within this Addendum, Charity Care is differentiated from discounts or other forms of financial assistance when discussing the amount granted under the Financial Assistance program as a full waiver of the account balance (Charity Care) versus a partial waiver of the account balance (discounts or other forms of financial assistance).

Discounted Care means partial Financial Assistance to qualifying patients to relieve the patient and his or her guarantor of a portion of their financial obligation to pay for eligible services. Discounted Care does not reduce the amount, if any, that a third party may be required to pay for eligible services

¹ A Direct Affiliate is any corporation of which CommonSpirit is the sole corporate member or sole shareholder, as well as Dignity Community Care, a Colorado nonprofit corporation.

² A Subsidiary refers to either an organization, whether nonprofit or for-profit, in which a Direct Affiliate holds the power to appoint fifty percent (50%) or more of the voting members of the governing body of such organization or holds fifty percent (50%) or more of the voting rights in such organization (as evidenced by membership powers or securities conferring certain decision-making authority on the Direct Affiliate) or any organization in which a Subsidiary holds such power or voting rights.

provided to the patient. Discounts excluded from the Financial Assistance program are usual discounts whose application is not based on an ability to pay.

Essential Living Expenses are 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 child care, child or spousal support, transportation and auto expenses, including insurance, gas and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.

Family includes the patient and: (a) For persons eighteen (18) years of age and older, a spouse, domestic partner, as defined in Section 297 of the California Family Code, and dependent children under twenty-one (21) years of age, whether living at home or not. (b) For persons under eighteen (18) years of age, a parent, caretaker relatives, and other children under twenty-one (21) years of age of the parent or caretaker relative.

Family Income is determined consistent with the IRS definition of Modified Adjusted Gross Income for the applicant and all members of the applicant's Family. In determining eligibility, Hospital may consider the 'monetary assets' of the patient's Family. However, for purposes of this determination, monetary assets will not include retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans. In addition, the first ten thousand dollars (\$10,000) of the monetary assets of the patient's Family shall not be counted in determining eligibility nor shall 50% of the monetary assets of the patient's Family over the first \$10,000 be counted in determining eligibility.

Financial Assistance means Charity Care, Discounted Care or other forms of financial assistance, as described in this Addendum. Financial assistance does NOT include:

- Bad debt or uncollectible charges that the organization recorded as revenue but wrote off due to a patient's failure to pay, or the cost of providing such care to such patients;
- The difference between the cost of care provided under Medi-Cal or other means-tested government programs or under Medicare and the revenue derived therefrom;
- Self-pay or prompt pay discounts; or
- Contractual adjustments with any third-party payers.

Hardship Discount is the additional discount provided to a patient who satisfies the criteria established below.

A **Patient with High Medical Costs** is a patient who has health coverage and who also meets one of the following two criteria: (a) annual out-of-pocket costs incurred by the individual at the CommonSpirit Hospital Organization exceed the lesser of 10% of the patient's current Family Income or Family Income in the prior twelve (12) months; or (b) annual out-of-pocket medical expenses exceed 10% of the patient's Family Income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's Family in the prior twelve (12) months.

Reasonable Payment Plan is an extended payment plan in which the monthly payments are not more than 10% of a patient's Family Income for a month, after excluding deductions for Essential Living Expenses. Extended payment plans offered by a CommonSpirit Hospital Organizations to assist patients eligible under this Addendum shall be interest-free.

II. CALIFORNIA FINANCIAL ASSISTANCE PROGRAM REQUIREMENTS

The following requirements of this Addendum apply to patients receiving services at a CommonSpirit Hospital Organization in the State of California.

A. Charity Care (Up to 250% of the FPL)

Any patient whose Family Income is at or below 250% of the FPL, including, without limitation, any Uninsured patient or Patient with High Medical Costs, is eligible to receive Charity Care equal to a 100% discount from his or her account balance for eligible services provided to the patient after payment, if any, by any third party(ies).

B. Discount for Uninsured Patients and Patients with High Medical Costs (Less than or Equal to 400% of the FPL) and Extended Payment Plans

Any Uninsured or Patient with High Medical Costs who does not qualify for Charity Care under paragraph (A) above and whose Family Income is at or below 400% of FPL is eligible to receive Discounted Care for eligible services received by the patient and an interest-free extended payment plan. This Discounted Care will limit the expected payment for eligible services to an amount that is (i) no more than the amount of payment the CommonSpirit Hospital Organization would in good faith expect to receive for providing services from Medicare, Medi-Cal, or another government-sponsored health care program in which the hospital participates, whichever is greatest, and (ii) in all events, no more than the AGB (as defined in the Financial Assistance Policy) for the eligible services provided to the patient.

Upon request, patients who receive Discounted Care will be provided an interest-free extended payment plan that will allow payment of the discounted amount over time. The CommonSpirit Hospital Organization and the patient shall negotiate the terms of the payment plan and take into consideration the Family Income and any Essential Living Expenses. If the CommonSpirit Hospital Organization and the patient cannot agree on the payment plan, the CommonSpirit Hospital Organization shall implement a Reasonable Payment Plan to allow payment of the discounted amount over time.

C. Additional Uninsured Discount (Greater than 400% and Less than or Equal to 500% of the FPL)

Any Uninsured Patient or Patient with High Medical Costs who has a Family Income above 400% but at or below 500% of FPL is eligible to receive Discounted Care for eligible services received by the patient and an extended payment plan. The discount will limit the amount the patient is expected to pay to no more than the applicable AGB.

Upon request, any patient who receives this Discounted Care will also be provided an interest-free extended payment plan that allows for the payment of the discounted amount over not more than a thirty-month (30) period.

D. Additional Hardship Discounts

A patient who receives Discounted Care, but (1) whose liability still exceeds 30% of the sum of (a) his or her Family Income, and (b) his or her monetary assets, and (2) who does not have the ability to pay his or her bill, as determined by a review of factors such as projected Family Income for the coming year and existing or anticipated health care liabilities may be given an additional Hardship

Discount. For purposes of the determination of this Hardship Discount, the CommonSpirit Hospital Organization will not consider assets in retirement plans qualified under the Internal Revenue Code in effect at the time of the determination or deferred compensation plans.

If the patient meets all eligibility criteria, the patient will receive a Hardship Discount, which will reduce the patient's remaining liability to no more than 30% of the sum of his or her (1) Patient Family Income, and (2) monetary assets.

A patient may also receive discounts or waivers under this Addendum if considered homeless or transient or if they participate in a federal, state, or local managed indigent care program.

E. Restriction on Application of Gross Charges

For any care covered under this Addendum (whether Emergency Medical Care or Medically Necessary Care), the net amount the CommonSpirit Hospital Organization charges a patient determined to be eligible for Financial Assistance shall be less than the gross charges for such care. This amount will be equal to the amount the patient is personally responsible for paying after all deductions and discounts (including discounts available under this Addendum) have been applied and less any amounts reimbursed by insurers. This amount shall not include any amounts required to be paid by an insurer as a condition of coverage. A billing statement issued by the CommonSpirit Hospital Organization for care covered under the Addendum may state the gross charges for such care and apply contractual allowances, discounts, or deductions to the gross charges, provided that the actual amount the individual is personally responsible for paying is less than the gross charges for such care.

F. Emergency Physician Services

Any emergency physician that provides emergency medical services at a CommonSpirit Hospital Organization with an emergency care facility will provide discounts to Uninsured patients and Patients with High Medical Costs who are at or below 400% of the FPL.

G. Billing and Collection Activities

1. Any unpaid balances owed by patients or guarantors after application of available discounts, if any, may be referred to collections. Collection efforts on unpaid balances will cease pending final determination eligibility for Financial Assistance. No CommonSpirit Hospital Organization will perform, or allow collection agencies to perform, any ECA prior to either: (a) making a reasonable effort to determine if the patient qualifies for Financial Assistance; or (b) 180 days after the first patient statement is sent. The CommonSpirit Billing and Collections Policy shall be available on the Hospital Facility website.
2. The CommonSpirit Hospital Organization shall obtain a written agreement from any agency that collects hospital receivables that it will adhere to the CommonSpirit Hospital Organization's standards and scope of practices. This agreement shall require the affiliate, subsidiary, or external collection agency of the CommonSpirit Hospital Organization that collects the debt to comply with the CommonSpirit Hospital Organization definition and application of a Reasonable Payment Plan as outlined in this Addendum. A patient debt shall only be sold to a

debt buyer under terms that comply with Section 127425 of the California Health and Safety Code as amended.

3. The CommonSpirit Hospital Organization or other assignee that is an affiliate or subsidiary of the CommonSpirit Hospital Organization shall not, in dealing with patients eligible under this Addendum's charity care or discount payment provisions, use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.
4. A collection agency or other assignee that is not a subsidiary or affiliate of the CommonSpirit Hospital Organization shall not, in dealing with any patient under this Addendum's charity care or discount payment provisions, use wage garnishments or the sale of a patient's primary residence as a means of collecting unpaid hospital bills.
5. Prior to commencing collection activities against a patient or selling the patient debt to a debt buyer, the CommonSpirit Hospital Organization shall provide the patient with another application for Financial Assistance and a clear and conspicuous written notice containing the following:
 - (a) The date or dates of service of the bill that is being assigned to collections or sold; the name of the entity the debt is being assigned to or sold to; a statement informing the patient about obtaining an itemized hospital bill; the name and plan type of the health coverage for the patient on record with the hospital at the time of services or a statement that the hospital does not have that information; and the date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.
 - (b) A plain language summary of the patient's rights pursuant to this article, the Rosenthal Fair Debt Collection Practices Act (Title 1.6C (commencing with Section 1788) of Part 4 of Division 3 of the Civil Code), and the federal Fair Debt Collection Practices Act (Subchapter V (commencing with Section 1692) of Chapter 41 of Title 15 of the United States Code). The summary shall include a statement that the Federal Trade Commission enforces the federal act.
 - (c) Include the following statement or any further statement required by an amendment to California Health & Safety Code § 127430: "State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection

activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov.”

- (d) A statement that nonprofit credit counseling services may be available in the area.
6. The notice required by (5)(b), (5)(c), and (5)(d) above shall also accompany any document indicating that the commencement of collection activities may occur.
7. The requirements of paragraph (G) shall apply to the entity engaged in the collection activities. If a CommonSpirit Hospital Organization assigns or sells the debt to another entity, the obligations shall apply to the entity, including a collection agency, engaged in the debt collection activity.

III. NOTICE TO PATIENTS REGARDING FINANCIAL ASSISTANCE

- A. Paper Copy of Plain Language Summary.** The CommonSpirit Hospital Organization will notify and inform patients about the Financial Assistance Policy by offering a paper copy of the plain language summary of the Financial Assistance Policy to patients as part of the intake or discharge process.
- B. Notice of Financial Assistance Policy during Billing Process.** Notice shall be provided at the time of service if the patient is conscious and able to receive written notice at that time, as well as part of the post-discharge billing statements, the CommonSpirit Hospital Organization shall provide each patient with a conspicuous written notice that shall contain information about the availability of the Financial Assistance Policy. (For additional details regarding notices provided in connection with billing statements, please refer to CommonSpirit Governance Policy Legal G-004, *Billing and Collections*)
- C. Posted Notice of Financial Assistance Policy.** Notice of the CommonSpirit Hospital Organization’s Financial Assistance Program and the plain language summary shall be clearly and conspicuously posted in the CommonSpirit Hospital Organization locations visible to the public, including all of the following:
- Emergency department;
 - Billing office;
 - Admissions office and associated area;
 - Waiting rooms;
 - Other hospital outpatient settings; and
 - In other locations and settings where there is a high volume of patient traffic or where it is reasonably calculated to reach those patients or their family members who are most likely to require financial assistance from the CommonSpirit Hospital Organization.
 - Prominently displayed on the hospital’s internet website, with a link to the policy itself.

- D. Posting on Website and Providing Copies upon Request.** The CommonSpirit Hospital Organization shall make this Addendum, the Financial Assistance Application form, and plain language summary available in a prominent place on its website with a link to the Policy itself, and shall make paper copies of each available upon request by a patient or his/her family member and without charge, both by mail and in public locations in the facility, including, at a minimum, in the emergency department (if any) and admissions areas.
- E. Language Requirements.** The CommonSpirit Hospital Organization shall ensure that all written notices, posted signs and brochures are printed in appropriate languages and provided to patients as may be required under applicable state and federal laws.
- F. Published Information.** As necessary, and at least on an annual basis, each of the CommonSpirit Hospital Organizations in California either (a) shall place an advertisement regarding the availability of Financial Assistance at such facility in a newspaper of general circulation in the communities served by the facility, or (b) issue a press release to widely publicize the availability of Financial Assistance under this Addendum to the communities served by such CommonSpirit Hospital Organization.
- G. Community Organizations.** Each of the CommonSpirit Hospital Organizations in California shall work with affiliated organizations, physicians, community clinics, other health care providers, houses of worship and other community-based organizations to notify community members (especially those who are most likely to require Financial Assistance) about the availability of Financial Assistance at such CommonSpirit Hospital Organization.
- H. List of Financial Assistance Policy Providers.** The CommonSpirit Hospital Organization will publish a list of providers delivering Emergency Medical Care and Medically Necessary Care in its facilities that will specify which providers are covered by the Financial Assistance Policy and which are not covered. This list is available on each facility's billing website. Hardcopies may be obtained at admission or registration areas or sites at each CommonSpirit Hospital Organization.

IV. INSURANCE AND GOVERNMENT PROGRAM ELIGIBILITY SCREENING PROCESS

CommonSpirit shall make all reasonable efforts to obtain from the patient or his or her representative information about whether private insurance or government-sponsored health care program coverage may fully or partially cover the charges for care rendered by the hospital to a patient, including, but not limited to, any of the following:

- Private health insurance, including insurance or health care service plan coverage offered through a State or Federal Health Benefit Exchange;
- Medicare; and
- Medi-Cal (or Medicaid, as applicable), the California Children's Services Program, or other state-funded programs designed to provide health coverage.

CommonSpirit expects all Uninsured Patients or Patients with High Medical Costs to fully comply with this eligibility screening process.

V. FINANCIAL ASSISTANCE APPLICATION PROCESS

- A.** If a patient does not indicate coverage by private insurance or a government-sponsored health care program, a patient requests Financial Assistance or a CommonSpirit Health representative determines that the patient may qualify for Financial Assistance, then CommonSpirit shall also do the following:
- Make all reasonable efforts to explain the benefits of Medi-Cal (or Medicaid, as applicable), and other public and private health insurance or sponsorship programs, including coverage offered through the State or Federal Health Benefit Exchange, to all Uninsured Patients at the time of registration. CommonSpirit will ask potentially eligible patients to apply for such programs and will provide the applications and assist with their completion. The applications and assistance will be provided prior to discharge for inpatients and within a reasonable amount of time to patients receiving emergency or outpatient care.
 - Make reasonable efforts to explain CommonSpirit's Financial Assistance Policy and other discounts, including the eligibility requirements, to patients who may qualify for Financial Assistance, ask those potentially eligible to apply, provide a Financial Assistance Application to any interested person who may meet the criteria for Financial Assistance at the point of service or during the billing and collection process, and provide assistance with completion of the application.
- B.** If a patient is eligible to apply for coverage under a government-sponsored health care program for the eligible services received by the patient, the patient will not be granted Financial Assistance unless the patient applies for and is denied coverage under a government-sponsored health care program. If a patient applies for a government sponsored healthcare program and is denied coverage, CommonSpirit should be provided with a copy of the denial of coverage. The patient's application for coverage under such a government-sponsored health care program shall not preclude eligibility for Financial Assistance from CommonSpirit under this Addendum.
- C.** Upon receiving a complete Financial Assistance Application from a patient who CommonSpirit believes may be eligible for government-sponsored health care programs (e.g., Medi-Cal, Medicaid, CHIP), CommonSpirit may postpone determining whether the patient is eligible for Financial Assistance until the patient's government-sponsored health care program application has been completed and submitted, and a determination as to the patient's eligibility for such program has been made.
- D.** If a patient has not completed and submitted a Financial Assistance Application within 180 days after the first post-discharge billing notice, then the CommonSpirit Hospital Organization may engage in further collection activities, including ECAs, subject to

compliance with the provisions of CommonSpirit Governance Policy Legal G-004, *Billing and Collections*.

- E. Subject to paragraphs F and G, directly below, CommonSpirit Hospital Organization will ask each applicant to provide the documentation necessary and reasonable to determine each applicant's eligibility for Financial Assistance. In the event the applicant is unable to provide any or all of these documents, the CommonSpirit Hospital Organization will consider this failure in making an eligibility determination. Under appropriate circumstances, the CommonSpirit Hospital Organization may waive some or all of the documentation requirements and approve Financial Assistance through Presumptive Eligibility Screening or Medi-Cal Eligibility Approval. CommonSpirit Hospital Organization will document the screening on the patient's account and also notify the patient in writing of approval.
- F. For purposes of determining whether a patient is eligible to receive Charity Care, documentation requested from the patient shall be limited to income tax returns or, if income tax returns are not available, pay stubs and reasonable documentation of assets, but not including assets in retirement or deferred compensation plans qualified under the Internal Revenue Code or in nonqualified deferred compensation plans. CommonSpirit Hospital Organization may require waivers or releases from the Applicant and the Patient's Family authorizing the CommonSpirit Hospital Organization to obtain account information from financial or commercial institutions or other entities that hold or maintain the monetary assets.
- G. For purposes of determining whether a patient is eligible to receive a Discounted Care or other Financial Assistance, documentation of income shall be limited to income tax returns, or if income tax returns are not available, pay stubs. In addition, the Applicant will be required to provide documentation of Essential Living Expenses in the event the Applicant requests an extended payment plan.
- H. Information obtained pursuant to paragraph (F) or (G) above shall not be used for collection activities. This paragraph does not prohibit the use of information obtained by the CommonSpirit Hospital Organization, collection agency, or assignee independently of the eligibility process for charity care or discounted payment.
- I. For purposes of determining whether a patient is eligible for Financial Assistance, in addition to Patient Family Income, CommonSpirit Hospital Organization may also consider adverse financial circumstances following the patient's date of discharge or service, such as disability, loss of a job, or other circumstances impacting the patient's ability to pay for eligible services.
- J. Eligibility for Financial Assistance may be determined at any time CommonSpirit Hospital Organization is in receipt of the information described in this Addendum. However, the CommonSpirit Hospital Organization has the discretion to deny an application for Financial Assistance if it is not filed within the Application Period.
- K. Information obtained from the patient, the Patient's Family, or the patient's legal representative in connection with determining whether a patient meets the eligibility

requirements for Financial Assistance as described in this Addendum shall not be used for collection activities.

- L. If a patient applies for and is eligible to receive more than one discount, the patient will be entitled to receive the largest single discount for which the patient qualifies unless the combination of multiple discounts is expressly permitted by CommonSpirit's policies.
- M. For an Uninsured patient, or for a patient that provides information that he or she may be a Patient with High Medical Costs, a CommonSpirit Hospital Organization, any assignee of the CommonSpirit Hospital Organization, or other owner of the patient debt, including a collection agency, shall not report adverse information to a consumer credit reporting agency for nonpayment at any time prior to 180 days after initial billing.