



Saddleback Memorial Medical Center

Annual Report and Plan for  
**COMMUNITY BENEFIT**

Fiscal Year 2013

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## Letter from the CEO

Stephen B. Geidt

It is my pleasure to present Saddleback Memorial Medical Center's Community Benefit Report for fiscal year 2013. Saddleback Memorial, with campuses in Laguna Hills and San Clemente, has proudly served the communities in and around the South Orange County for the last 40 years.

Saddleback has been in the epicenter of an exploding and aging population. We have always served a community of active seniors, and as this population advances in age, it is no surprise that we face the challenges that are coincidental; a growing incidence of a population with multiple chronic conditions. Saddleback is a bellwether of what the population at large will see in the years to come, with a significant penetration of the population dealing with heart failure, pulmonary disease, cerebrovascular disorders and diabetes. Finding new and innovative ways to provide care and health promotion to this population will continue to be a focus of ours going forward.

A serious and growing concern is the advancing diabetes crisis that is connected to obesity, most especially childhood obesity. Left unchecked, this poses one of this country's greatest public health threats, and we must coordinate with all community resources available to improve nutrition and exercise among the entire population in order to address this ticking time bomb.

These factors, and others, have required that we invest ever-more resources into health promotion activities aimed at improving health and reducing preventable visits to the Emergency Department and the hospital. Saddleback, and its sister organizations operating under the MemorialCare banner, are committed to being role models in promoting health to our employees. Through the right mix of education and incentives, we aim to demonstrably improve the health status of our 11,000 employees, especially those with diabetes, hypertension and hyperlipidemia. What we learn, we will continue to apply in our community health efforts.

These, and other local community health needs, are described in this report, along with what SADDLEBACK MEMORIAL is investing in to address them. Saddleback is not alone in this effort; we work in concert with numerous community organizations, churches and government agencies to connect with, and make a difference in the lives of, vulnerable populations.

Sincerely,



Stephen B. Geidt  
Chief Executive Officer

## **Mission**

To improve the health and well-being of individuals, families and our communities through innovation and the pursuit of excellence.

## **Vision**

Exceptional People. Extraordinary Care. Every Time.

## **Values**

### **The ABCS of MemorialCare**

With a focus on solid fundamentals – Accountability, Best Practices, Compassion and Synergy – MemorialCare Health System strives to deliver the highest standard of patient care and exceptional clinical outcomes. Leveraging the strengths of the health system, from operational efficiencies and the application of new technologies, to expertise and best practices, MemorialCare is committed to providing the highest quality of health care to the benefit of the communities we serve.

### **MemorialCare Health System**

MemorialCare Health System is a leading Southern California not-for-profit integrated delivery system with more than 11,000 employees and 2,600 affiliated physicians. The health system includes five top hospitals – Long Beach Memorial, Miller Children’s Hospital Long Beach, Community Hospital Long Beach, Orange Coast Memorial, Saddleback Memorial Laguna Hills and San Clemente; medical groups – MemorialCare Medical Group and Greater Newport Physicians; an insurance plan – Seaside Health Plan; and numerous outpatient health centers throughout the Southland including retail clinics, imaging centers and surgery centers.

### **Saddleback Memorial Medical Center**

A 325-bed acute care, not-for-profit hospital with two locations, Laguna Hills and San Clemente, Saddleback Memorial Medical Center has been meeting the healthcare needs of South Orange County residents since 1974. Saddleback Memorial treats more than half a million people each year, including inpatients, outpatients, new babies and patients in the emergency department. In addition to 24-hour emergency care, Saddleback Memorial offers complete critical, surgical and obstetrical services, as well as a variety of educational classes and programs in keeping with its mission of enhancing the health and well-being of individuals, families and the community. Its centers of excellence include: Saddleback Heart and Wellness Center, including three cardiac catheterization laboratories, an open-heart surgery program, a cardiac rehabilitation program, educational classes, screenings and support groups;

- The Women’s Hospital at Saddleback Memorial – Laguna Hills, with LDRP suites, an on-site Level III neonatal intensive care unit, 24/7 on-site specialists has delivered over 60,000 babies in its 25 year history.
- MemorialCare Breast Center at Saddleback Memorial is equipped with the most advanced screening and diagnostic technology. From risk assessments and genetic counseling to diagnostics, individualized treatments and support services, we’re here to preserve and restore your wellness.
- Primary Stroke Center at Saddleback Memorial - In recognition of Saddleback Memorial’s commitment to provide an extraordinary stroke program, the Joint Commission has certified Saddleback Memorial as an advanced Primary Stroke Center;
- Saddleback Memorial Rehabilitation and Orthopedic Services and Talega Outpatient Rehabilitation Center, offering inpatient and outpatient rehabilitation programs and comprehensive orthopedic services, including hip and knee replacements;
- MemorialCare Cancer Institute at Saddleback Memorial, with a full line of oncology treatments and state-of-the-art radiology service including radiation oncology;
- Hospice of Saddleback Valley provides services that improve quality of life for those facing death, loss and grief by promoting hope, compassion and comfort.

Saddleback Memorial Medical Center’s Governing Board is comprised of community members, civic leaders and physicians, and hospital and corporate administrative leaders. The Governing Board reviews both the community benefit plan and report and receives periodic updates from community outreach staff.

Saddleback Memorial Medical Center opened in 1974 as a result of the efforts of local residents to build a community hospital. Saddleback Memorial’s beginnings were humble and have provided a framework of community values that drive policy formulation, strategic planning and collaboration with other organizations. Saddleback Memorial Medical Center’s mission, as established by our Governing Board, includes an imperative to enhance the health of our community. We provide accessible, high quality health care services that meet the needs of our community. The strategic planning and budgeting process incorporates community benefit planning.

### **Service Area**

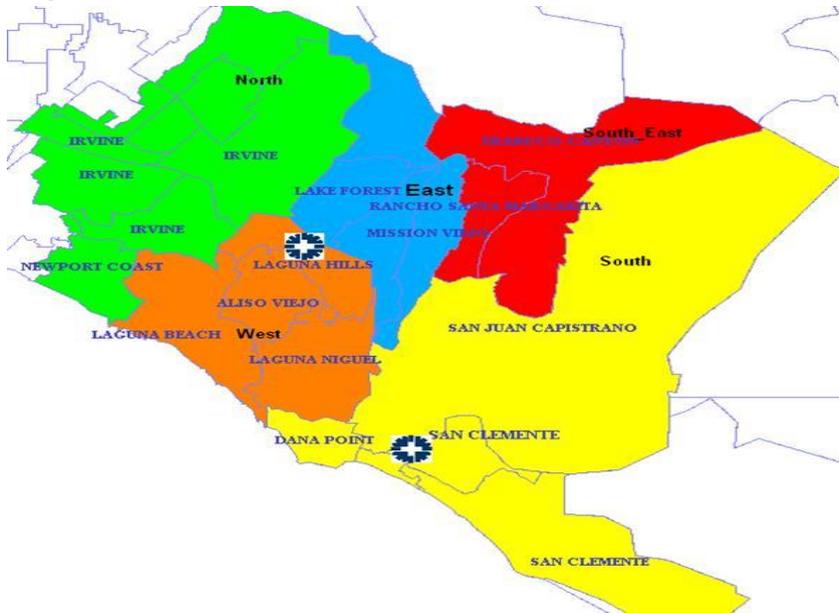
Saddleback Memorial Medical Center has two campuses. The Laguna Hills campus is located at 24451 Health Center Drive, Laguna Hills, California 92653. The San Clemente campus is located at 654 Camino de los Mares, San

Clemente, California 92673. The service area is located in Orange County and includes 21 zip codes, representing 16 cities or communities. Saddleback Memorial determines the service area by assigning zip codes based on patient origin for hospital discharges. Approximately 85% of admissions come from these zip codes. The Saddleback Memorial service area is presented below by community and zip code.

**Saddleback Memorial Service Area**

City	Zip Code		
Aliso Viejo	92656	Laguna Hills	92653
Capistrano Beach	92624	Laguna Niguel	92677
Dana Point	92629	Laguna Woods	92637
Foothill Ranch	92610	Lake Forest	92630
Irvine	92603	Mission Viejo	92691
Irvine	92604	Mission Viejo	92692
Irvine	92606	Rancho Santa Margarita	92688
Irvine	92620	San Clemente	92672
Ladera Ranch	92694	San Clemente	92673
Laguna Beach	92651	San Juan Capistrano	92675
		Trabuco Hills	92679

**Map of the Saddleback Memorial Medical Center Service Area**



**Community Health Needs Assessment**

Saddleback Memorial has undertaken the 2013 Community Health Needs Assessment (CHNA) as required by state and federal law. California Senate Bill 697 and the Patient Protection and Affordable Care Act and IRS section 501(r)

(3) direct tax exempt hospitals to conduct a community health needs assessment and develop an Implementation Strategy every three years.

Melissa Biel of Biel Consulting conducted the Community Health Needs Assessment. Biel Consulting is an independent consulting firm that works with hospitals, clinics and community-based nonprofit organizations. Dr. Biel specializes in community benefit work with nonprofit hospitals and has over 10 years of experience conducting hospital Community Health Needs Assessments.

The Community Health Needs Assessment is a primary tool used by Saddleback Memorial to determine its community benefit plan, which outlines how it will give back to the community in the form of health care and other community services to address unmet community health needs. This assessment incorporates components of primary data collection and secondary data analysis that focus on the health and social needs of the service area.

## Data Collection

### Secondary Data Collection

Secondary data were collected from a variety of local, county, and state sources to present community demographics, social and economic factors, health access, birth characteristics, leading causes of death, chronic disease, and health behaviors.

Analyses were conducted at the most local level possible for the Hospital primary service area, given the availability of the data. For example, demographic data, birth and death data are based on zip codes. Housing and economic indicators are available by city. Other data are only available by county.

Sources of data include the U.S. Census 2010 decennial census and American Community Survey, California Health Interview Survey, California Department of Public Health, California Employment Development Department, Conditions of Children in Orange County, Uniform Data Set, CDC National Health Statistics, National Cancer Institute, Orange County Geographical Health Profile, Orange County *Healthy Places, Healthy People*, BRFSS, U.S. Department of Education, and others. When pertinent, these data sets are presented in the context of Orange County and California, framing the scope of an issue as it relates to the broader community.

The report includes benchmark comparison data that measures Saddleback Memorial community data findings with Healthy People 2020 objectives

(Attachment 1). Healthy People 2020 objectives are a national initiative to improve the public's health by providing measurable objectives and goals that are applicable at national, state, and local levels.

### **Primary Data Collection**

Targeted interviews were used to gather information and opinions from persons who represent the broad interests of the community served by the Hospital. Twelve interviews were completed during January and February, 2013. For the interviews, community stakeholders identified by Saddleback Memorial were contacted and asked to participate in the needs assessment. Interviewees included individuals who are leaders and representatives of medically underserved, low-income, minority and chronic disease populations, or regional, State or local health or other departments or agencies that have "current data or other information relevant to the health needs of the community served by the hospital facility". Four focus groups were conducted in January and February, 2013. The focus groups engaged 28 participants.

### **Information Gaps**

Information gaps that impact the ability to assess the Saddleback Memorial service area health needs were identified. Most notably, there are limited sources for sub-County level data.

### **Overview of Key Findings**

This overview summarizes significant findings drawn from an analysis of the data from various each section of the Community Health Needs Assessment report.

#### **Community Demographics**

- The population of the Saddleback Memorial service area is 683,634.
- Children and youth, ages 0-17, make up 24.1% of the population; 62.8% are adults, ages 18-64; and 13.1% of the population are seniors, ages 65 and over. The population in the Saddleback Memorial service area tends to be older than the Orange County population as a whole.
- 65.5% of the residents are White; 15.4% are Hispanic/Latino; 14.2% are Asian; 1.1% are African American; and 3.8% are American Indian/Alaskan Native/Native Hawaiian or other race/ethnicity.
- English is spoken in the home among 74% of the service area population. Spanish is spoken at home among 9.9% of the population; 9.2% of the population speak and Asian language; and 6.2% of the population speaks an Indo-European language at home.

## Social and Economic Factors

- Among the residents in the Saddleback Memorial service area, 6.4% are at or below 100% of the federal poverty level (FPL) and 15% are at 200% of FPL or below. These rates of poverty are lower than found in the county where 10.9% of residents are at poverty level and 27.3% are at 200% of FPL or below.
- In the service area, 6.6% of children, under age 18 years, and 6.4% of seniors are living in poverty.
- The median household income in the area ranges from \$34,789 in Laguna Woods to \$138,826 in Trabuco Hills.
- Except for Laguna Woods (11.9%), the unemployment rate of service area cities is lower than the Orange County unemployment rate of 8.7%.
- 14% of service area adults are high school graduates and 58.5% are college graduates.
- The 2011 Orange County Point-in-Time Homeless Census and Survey estimated 6,939 homeless individuals during the point-in-time count. It was further estimated that 18,325 persons experience homelessness annually in the county. Of the homeless, 62% are unsheltered and 38% are sheltered.

## Health Access

- Health insurance coverage is considered a key component to access health care. 89.5% of the total population in the Saddleback Memorial service area has health insurance. Laguna Beach has the highest health insurance rate (92.7%) and San Juan Capistrano has the lowest rate of health insurance (80.8%).
- There were 34,508 persons in Orange County's Medical Services Initiative program in August 2010 as reported by the Medically Indigent Care Reporting System (MICRS).
- 88.4% of children in Orange County have a usual source of care. Among adults, 83.1% of adults have a usual source of care. 93.7% of seniors in the county have a usual source of care.
- 17.9% of Orange County residents visited an ER over the period of a year. Seniors visit the ER at the highest rates (22%). In Orange County low-income residents and those living in poverty visit the ER at higher rates than found in the state.
- Portions of Capistrano Beach, Dana Point, San Clemente and San Juan Capistrano are designated as a Medically Underserved Population (MUP). The MUP designation is given to areas with populations that have economic

barriers (low-income or Medicaid-eligible populations), or cultural and/or linguistic access barriers to primary medical care services.

- 13.4% of children in Orange County have never been to a dentist. This is higher than the state rate of 11.6%. 5.1% of children had not visited the dentist in the past year.

### Birth Characteristics

- In 2010, there were 7,724 births in the area. The majority of the births were to White women (53.7%), 24.3% of births were to Latino women, and 15.4% of births were to Asian/Pacific Islander women.
- Teen births occurred at a rate of 28.5 per 1,000 births (or 2.9% of total births). This rate is lower than the teen birth rate found in the state (8.5%) and the Orange County rates (6.5%).
- 91.9% of women enter prenatal care within the first trimester. The area rate of early entry into prenatal care exceeds the Healthy People 2020 objective of 78% of women entering prenatal care in the first trimester.
- The Saddleback Memorial service area rate of low birth weight babies is 6.4% (63.8 per 1,000 live births).
- Breastfeeding rates at Saddleback Memorial indicate 91.7% of new mothers use some breastfeeding and 60.1% use breastfeeding exclusively. These rates are better than found among hospitals in Orange County and the state.

### Leading Causes of Death

- The three leading causes of death in the Saddleback Memorial service area are heart disease, cancer and Alzheimer's disease.
- The heart disease mortality rate in the service area is 130 per 100,000 persons, which exceeds the Healthy People 2020 objective of 100.8 deaths per 100,000 persons.
- The cancer death rate is 129.7 per 100,000 persons. This rate is lower than the state rate for cancer mortality and is also lower than the Healthy People 2020 objective of 160.6 per 100,000 persons.
- The Alzheimer's disease death rate of 32 per 100,000 persons is higher than the state rate of 29.1 per 100,000 persons.
- All other causes of death are lower than state rates and Healthy People 2020 objectives.
- In Orange County, mortality from digestive system and respiratory system cancers occurs at the highest rates.

## Chronic Disease

- In Orange County 6.9% of the population had been diagnosed as pre-diabetic. 7.7% of adults had been diagnosed with diabetes.
- For adults in Orange County, 5.8% have been diagnosed with heart disease. This is equivalent to the state rate of 5.9%.
- A co-morbidity factor for diabetes and heart disease is hypertension (high blood pressure). In Orange County, 22.2% of adults have been diagnosed with high blood pressure. Of these, 72.5% take medication for their blood pressure.
- The age-adjusted cancer incidence rate is 463.7 per 100,000 persons. Breast cancer (83.0), and brain and nervous system cancer (6.3) occur at rates higher than the state rates for these types of cancer.
- The population diagnosed with asthma in Orange County is 10.3%. 42.1% of asthmatics take medication to control their symptoms. Among youth, 7.8% have been diagnosed with asthma.
- Tuberculosis rates in the county and state have declined from 2010 to 2011. The rate of TB, per 100,000 persons in 2011 in Orange County was 6.4, which is higher than the state rate of 5.8.

## Health Behaviors

- Over one-third of adults (36.3%) are overweight in Orange County and 20.7% are obese.
- 22.2% of teens and 9.7% of children are identified as being overweight. 3.9% of teens are obese.
- 22.4% of Orange County residents consume fast food 3-4 times a week. This is higher than the state rate of 19.6%.
- In Orange County, 17.1% of children and teens consume two or more soda or sweetened drinks a day. This rate is higher than the state rate of 14.7%.
- In Orange County, 65% of children engaged in vigorous physical activity at least three days a week. In contrast, 10% of children and 16.5% of teens did not engage in any physical activity in a week.
- In Orange County, 5.4% of teens smoke cigarettes; this is higher than the state rate of 4.2%. Among adults, 9.3% are current smokers and 23.7% are former smokers.
- Among adults, 31.4% in Orange County had engaged in binge drinking in the past year; 12.6% of teens indicated they had engaged in binge drinking.

- The rate of Chlamydia in Orange County is 260.3 per 100,000 persons. Females, ages 15-24, have the highest rates of Chlamydia.
- Among Orange County adults, 3.8% experienced serious psychological distress in the past year. 26.2% of adults and 7.3% of teens needed help for mental health problems.
- 61.3% of seniors had obtained a pneumonia vaccine, which is lower than the state rate of 62.6% and does not meet the Healthy People 2020 objective of 90%.
- The Healthy People 2020 objective for mammograms is that 81% of women 40+ years have a mammogram in the past two years. In Orange County, women have met that objective with 81% obtaining mammograms.
- The Healthy People 2020 objective for Pap smears in the past three years is 93%. In Orange County, 78.1% of women had a Pap smear.
- The Healthy People 2020 objective for colorectal cancer screening is 70.5%. Orange County residents (80.8%) exceeded this screening objective.

### Community Stakeholder Interviews

Community issues and concerns that were identified included both issues that cut across all population groups as well as some issues of greater concern within specific communities or sub-populations. The biggest issues and concerns identified in the community were:

- Needs of seniors, including transportation, affordable housing, and in-home services that allow seniors to safely age in place.
- Lack of mental health services, especially for lower-income and uninsured people, including counseling, access to medications, addiction/recovery services and hospitalization.
- Insufficient affordable primary care services in South Orange County and a lack of affordable specialty care services.
- Alcohol and drug use, including prescription drug use.
- People struggling with insufficient resources for their basic needs, including food, rent, utilities and child care.
- Lack of temporary shelters and long-term affordable housing.
- Inadequate resources in schools to meet the growing health care needs of students with juvenile diabetes, asthma and other health conditions; e.g., one full-time nurse serving 30,000 students, health aides available to schools only one day per week, and lack of staff onsite at schools who are trained in CPR and First Aid.

- Obesity and prevalence of chronic disease.

These issues/concerns were associated with the following contributing factors:

- Growing aging population with health and supportive service needs. “The demand is great and will continue to grow,” and resources are limited. The resources that are available (e.g., a senior center and Meals on Wheels) are not well publicized.
- Youth with unsupervised time after school, due in part to changes in family structures and the high cost of after-school programs, that can lead to alcohol and drug use. Substance abuse among youth was also attributed to the significant impact of social media and peer pressure.
- Lack of resources in South Orange County to address the housing and health needs of lower-income and uninsured people, including the homeless. It was noted there are only two community clinics that serve the area, there is no county hospital, and there are few specialty care providers willing to offer services for free or at a reduced cost.
- Lack of awareness about the extent of homelessness and numbers of people who are low or very-low income, and the fact that rents continue to rise. This places a significant burden on families who are spending a high proportion of their income on their housing and so have less available for other basic needs or health care and medications.
- Significant budget cuts to school districts that have left them with inadequate resources to meet the growing health needs of students.
- The large geographic area of the County makes transportation to and from services difficult without a car, or even with a car given the high cost of gas. Public transportation can be costly and options are limited, with long wait times and inefficient routes.
- Obesity and chronic disease are impacted by physical inactivity and poor nutrition, as well as the availability of junk food/unhealthy foods, advertising targeted toward children.

The most frequently identified health problems in the community were obesity and chronic diseases such as diabetes and hypertension. Another significant health concern identified by several participants was mental health problems, including chronic depression and difficulty accessing counseling and psychiatric services.

Health problems identified in the senior population included:

- Depression and isolation and other mental health problems
- Cognitive impairments

- Pneumonia/influenza
- Chronic diseases, including diabetes, high blood pressure and high cholesterol
- Increasing dependence on dialysis for survival

Some specific health problems identified among children, youth and young adults were:

- Alcohol and drug use/addiction, including use of prescription pills obtained from parents
- Sexually Transmitted Infections, leading to infertility or other health complications
- Smoking
- New cases of HIV infection (mostly among Men having Sex with Men, MSMs)
- Children with juvenile diabetes, seizures, ADD and ADHD
- Reductions in immunization rates, as parents are choosing to not immunize their children

### Focus Group Responses

The overall biggest issues facing the community were identified to include:

- Job loss, lack of affordable housing, and overall financial stress, which in turn are related to:
  - Mental health problems, such as depression and anxiety
  - Fears of eviction or inability to afford rent
  - Food insecurity
- Needs of growing senior population and their caregivers
  - Access to assistance to help seniors remain in their homes (e.g., pet care, home maintenance, shopping, transportation assistance)
  - Education to seniors and caregivers about services/resources available to them
- Transportation/mobility/traffic problems stemming from insufficient roadway infrastructure to meet mobility needs.
- Lack of transportation options and assistance for seniors and other vulnerable populations.
- Community denial about the extent of homelessness.
- Lack of emergency shelters in San Clemente.
- Lack of skills and strategies among parents for addressing teen problems, and parent denial of drug and alcohol problems among youth.

The biggest health concerns in the community were identified as:

- People do not know how to eat properly and have limited access to healthy food.
- Diabetes, hypertension, COPD and Congestive Heart Failure.
- Hopelessness related to financial situation, along with depression and anxiety.
- Teen drug use, including heroin, and prescription drugs obtained from parents.
- Overmedication, which occurs most frequently among seniors.
- Lack of information and education about the Affordable Care Act and how it will impact individuals and businesses.
- Lack of support for caregivers helping people with cognitive impairments.
- Access to care issues
  - Cost of health care services and medications
  - Community clinics are not free, so cost remains a barrier
  - Lack of providers who accept Medi-Cal
  - Difficulty signing-up for MSI due to paperwork requirements
  - Lack of affordable mental health services
  - Dental services are expensive even for those with insurance

## Identification and Prioritization of Health Needs

The health needs were identified from issues supported by primary and secondary data sources gathered for the Community Health Needs Assessment. Each health need was confirmed by more than one indicator or data source (i.e., the health need was suggested by more than one source of secondary or primary data).

In addition, the health needs were based on the size of the problem (number of people per 1,000, 10,000, or 100,000 persons); or the seriousness of the problem (impact at individual, family, and community levels). To determine size or seriousness of a problem, the health need indicators identified in the secondary data were measured against benchmark data, specifically California state rates or Healthy People 2020 objectives. Indicators related to the health needs that performed poorly against these benchmarks were considered to have met the size or seriousness criteria. Additionally, primary data sources were asked to identify community and health issues based on the perceived size or seriousness of a problem.

The identified health needs included:

### Access to Care

- Primary care
- Insurance coverage
- Specialty care
- Mental health
- Dental health
- Access to medications

### Alcohol/Drug Use

### Alzheimer's Disease

### Chronic Diseases

### Healthy Eating/Physical Activity

### Heart Disease

### Housing

### Overweight/Obesity

### Preventive Health Care (screenings, immunizations)

### Transportation

## Process and Criteria Used for Prioritization of Health Needs

Priority setting is a required step in the community benefit planning process. The IRS regulations indicate that the Community Health Needs Assessment must provide a prioritized description of the community health needs identified through the CHNA, and include a description of the process and criteria used in prioritizing the health needs.

On March 22, 2013, the Saddleback Memorial Community Benefit Oversight Committee (CBOC) convened to prioritize the identified health needs. Those in attendance have current data or other information relevant to the health needs of the community served by the hospital. A review of the Community Health Needs Assessment findings and the identified health needs were reviewed.

### Priority Setting Process

The CBOC engaged in a process to prioritize the health needs using the following criteria:

- Current area of Community Benefit focus: hospital has acknowledged competencies and expertise to address the health need; and the health need fits with the organizational mission.
- Established relationships: hospital has established relationships with community partners to address the health need.
- Organizational capacity: hospital has the capacity to address the health need.
- Existing infrastructure – hospital has programs, systems, staff and support resources in place to address the issue.

The CBOC examined each of the health needs based on these criteria. Health needs that met these criteria were identified as community benefit priority areas to include:

#### Access to care

- Specialty care
- Access to medications

#### Chronic disease management and prevention

- Alzheimer's' disease
- Heart disease
- Overweight/obesity
- Healthy eating
- Physical activity

### **Community Benefit FY13**

Saddleback Memorial Medical Center has demonstrated its commitment to the surrounding communities of both facilities, through the many activities, programs and services that have been provided to address health needs identified through the 2013 Community Health Needs Assessment. The objectives of the FY13 Community Benefit Plan included the following:

- Expand the community benefit program to include greater emphasis on population health management strategies and partnership development with community agencies, to expand our reach into the community and provide services that compliment rather than duplicate each other.
- Expand programs and partnerships that focus on the prevention, early detection, and management of the following chronic diseases and conditions:
  - chronic obstructive pulmonary disease
  - heart failure
  - diabetes
  - frail elderly

Forming partnerships and collaborating with community agencies that address the health and social needs of the adult and older adult population was important to Saddleback Memorial's FY13 Community Benefit program. The agencies included but were not limited to, local senior centers, skilled nursing facilities, faith-based groups, and other organizations that are already providing services as part of the continuum of care for our shared populations.

We completed our Community Health Needs Assessment (CHNA) as required by state and federal legislation. When completed, the CHNA results were presented to the Community Benefit Oversight Committee whose members established priorities, and completed an Implementation Strategy. The results of the CHNA have been made widely available to the public through the MemorialCare Website.

### **External Stakeholders**

In collaboration with a variety of not-for-profit organizations who work with underserved populations, Saddleback Memorial has been able to further its community benefit work in identifying unmet social and health needs and providing support in addressing these needs. The following is a partial list of community partners with whom Saddleback Memorial has collaborated and/or provided funding during FY13

- Age Well Senior Services
- American Association of Diabetes Educators

- American Cancer Society
- American Diabetes Association
- American Heart Association
- American Stroke Association
- Association of Community Cancer Centers
- Boys and Girls Club of San Clemente
- City of San Clemente
- Community Resource Center of San Clemente
- Family Assistance Ministries
- Illumination Foundation
- Laguna Beach Community Clinic
- Orange County Cancer Coalition
- Roxanna Todd Stroke Foundation
- Susan G. Komen Foundation
- Tobacco Use Prevention Program
- Vital Link Inc.

## Community Benefit Services and Programs Summary

### Community Health Improvement Services

*Activities carried out to improve community health.*

#### Community Health Education

The community was provided with various health education classes made available to the public at no cost. Health education targeted the general community, seniors, and classes for those with diabetes, heart failure and pulmonary conditions.

- Over 1440 community residents attended free health education classes on a variety of health-related topics
- Free lactation consultation was provided by registered nurses to 5,220 new mothers using the Lactation Help Line Classes targeting older adults were attended by 173 people
- As a CPR training center of the American Heart Association, Saddleback Memorial provided free or low cost CPR training to 204 people.
- 360 people attended the free diabetes education classes that were provided during FY13. These classes were provided by the Diabetes Clinic and taught by various diabetes specialists.
- Tobacco Use Prevention Program  
Free smoking cessation classes were provided at Saddleback Memorial during FY13. Daytime and evening classes were offered through a partnership with the Tobacco Use Prevention Program (TUPP). In addition to this 5-week series of follow up telephone calls are made by the TUPP instructors to ascertain whether the participant has remained tobacco-free at 30, 90 and 180 days. For FY13 the TUPP Director reported the following:
  - 12 participants completed the 5-session classes out of the 20 people who had registered (for these classes)
  - 7 of the 12 participants were tobacco-free at 30 days follow-up
  - 4 participants were tobacco-free at 90 days
  - 4 remained tobacco-free at 180 days

#### Health Fairs and Screenings

- 350 older adults participated in free screenings and education at senior health fairs
- An additional 1,769 individuals at various businesses were provided with health education and screenings

- 1, 716 community residents attended health fairs sponsored by Saddleback Memorial.
- Balance and Conditioning Program
  - Saddleback Memorial Physical Therapists provided 2 weekly Balance and Conditioning classes at the Florence Sylvester Memorial Senior Center, located in the City of Laguna Woods, for 46 weeks during FY13, to help older adults learn techniques to help prevent falls and the associated injuries.
  - Balance and Conditioning classes were also provided to residents of the Towers, also located in the City of Laguna Woods. These classes are also provided by a Saddleback Memorial Physical Therapist.

#### Health Promotion Activities

- Senior Care Connections newsletters were mailed to senior residents to notify them of free health classes and events for seniors and provide education on a variety of health topics.
- Care Connections newsletters were mailed to area residents to notify the community of free classes, screenings, support groups held at Saddleback Memorial and education on a variety of topics.
- The Cancer Nurse Navigator was an active member of the Orange County Cancer Coalition during FY13, supporting California and Orange County cancer control initiatives locally. Serving as a subject matter expert, the CNN responded to calls from the community and from the MemorialCare Website for requests of cancer information. The Cancer Nurse Navigator approved and released Saddleback Memorial facility information regarding annual cancer diagnoses, by stage and site, to sources such as the American Cancer Society for public review, to facilitate decision making when patients anywhere are choosing a cancer treatment center. The Saddleback Memorial Cancer Program sponsored a community health fair specific to cancer awareness, prevention and screening during FY13. The Cancer Nurse Navigator (CNN) participated in corporate and community events by providing printed resources and clinical expertise. In addition, the CNN promoted cancer screening and prevention programs through telephone interviews, live and taped televised interviews and written articles.
- COPD Whiteboard Committee  
 The Chronic Obstructive Pulmonary Disease (COPD) Whiteboard Committee made up of physicians and other providers and healthcare professionals from Saddleback Memorial and from around the community, convened almost monthly during FY13 to address issues surrounding COPD, which is now the 3<sup>rd</sup> leading cause of death in the United States. Taking a population health

approach to this health issue, the committee identified prevention and early detection strategies as a first year project. COPD lectures and pulmonary screenings were held in the community and at Saddleback Memorial Medical Center. In addition to community screenings, hospitalized patients who meet certain criteria are screened to detect this disease as it is estimated that half of those with the disease, are unaware they have the disease at the earlier stages. Committee members developed similar and other programs at their facilities. During FY13 the committee began working on an inhaler use protocol as studies have revealed that COPD and other respiratory disease exacerbations can be prevented through the proper use of inhalers. Physician and community awareness of COPD was provided through Laguna Woods Village television interviews, community newsletter, and physician newsletter Scope during FY13.

- Disease Management - Heart failure and Chronic Obstructive Pulmonary Disease (COPD) are two of the most common diagnoses for patients discharged from Saddleback Memorial. Frequent readmissions are accompanied by decreasing quality of life and reduced functional status for those with these conditions. The Disease Management (DM) Program was developed to provide a comprehensive and multidisciplinary approach to meet the needs of our patients and community, who are living with one or more chronic diseases. The Heart Failure and COPD program objective is to teach self-management skills specific to the disease to improve functionality and quality of life by preventing hospital readmissions. The Disease Management team consists of the of Community Outreach Manager, a Pulmonary Nurse Practitioner Coordinator, Heart Failure Nurse Practitioner Coordinator and two Telehealth Nurses. The nurse practitioners make home visits to perform assessments of the participant as well as an environmental assessment. The nurse practitioners also perform medication reconciliation. . Intensive education, using the teach-back technique and coaching, using motivational interviewing continues with the nurse practitioners through home visits or telephone calls, lasts as long as the participant needs these tools to learn the necessary self-management skills. As the participant progresses through the program, the Telehealth RNs make follow-up phone calls to reinforce the education on self-management skills. Over 140 participants were enrolled in the program during FY13.
- A free Health and Social Services Program was held at Saddleback Memorial at San Clemente in November 2012 for the underserved. The Illumination Foundation coordinated the second annual Sun Fair Health Fair, which included volunteer health professionals such as physicians and optometrists,

registered nurse and many others, providing free eye exams and glasses, dental screenings, social services and much more.

- Laguna Beach Community Clinic - A small, not-for-profit clinic, the Laguna Beach Community Clinic offers non-emergency primary care as well as educational services. Of the clients served, approximately 94% live within the federal poverty level. The clinic serves over 40 communities in south Orange County. Saddleback Memorial provided funding for the clinic to help with the implementation of a Gardasil Vaccine project designed to extend outreach, access, and health education to young female and male adults, 20 to 26 years of age, who meet vaccine eligibility criteria. The goal of the program is to improve access and remove barriers to Gardasil vaccinations, especially those pertaining to cultural and gender disparities. Human Papillomavirus is the most prevalent sexually transmitted infection and infects more than 50% of sexually active adults. Human papillomavirus causes almost all cases of cervical cancer and in the United States, young adults ages 15 to 24 years account for approximately one half of new infections each year.

#### Health Care Support Services

- Look Good Feel Better – partnership program with the American Cancer Society for women undergoing treatment for cancer. 60 women participated
- Perinatal Bereavement Program – 50 people attended this program designed to help bereaved parents.
- Cancer Support Group – For people with cancer and their significant others. 17 people attended during FY 13
- Senior Advocacy - Assistance with medical bills –283 individual appointments at least an hour each
- Seniors applying for Medicare assistance – 168 seniors assisted
- Assistance with dual eligibility – 21 seniors assisted

#### Health Professions Education

*Educational programs nursing students, and other health care professionals and students.*

- Nursing Students - 377 nursing student clinical rotations
- Other Health Professions Education -14 students were provided with clinical internships during FY13 which included laboratory, imaging and pharmacy technician training
- Silverado High School Health Academy Program - Students deemed to be at high-risk of not completing high school, job shadowed employees in various health care positions at Saddleback Memorial High during FY13. The goal of the program is for these students to graduate from high school and train or go

on to college to pursue a career in healthcare. Students job shadowed employees for approximately 45 minutes, one day a week, for 6 weeks.

- Medical Careers in Action -Through a partnership with Vital Link Inc. Saddleback Memorial held a program that provided high school students with a look into healthcare careers through a performance where physicians, nurses and other health care providers enacted what they do on a daily basis, to interest students in a healthcare career. The “performers” stayed for an hour-long question and answer period where students learned more about the careers available in healthcare. Approximately 300 high school students and instructors attended during FY13 each year

### Cash and In-Kind Donations

*Funds and in-kind services donated to community groups and other nonprofit organizations.*

Contributions to nonprofit community organizations and charity events were made to (partial listing):

- Age Well Senior Services (provides transportation program to South Orange County seniors)
- American Cancer Society
- Boys and Girls Club of South Coast Area
- Family Assistance Ministry
- Laguna Beach Community Clinic
- Saddleback Memorial Courtesy Bus Transportation - served 2,757 people
- San Clemente Rotary Foundation
- San Clemente Educational Foundation
- San Clemente Community Resource Center
- Trauma Invention Program

### **Non-Quantifiable Benefits**

In addition to the quantifiable community benefits provided by Saddleback Memorial, various non-quantifiable programs and services were offered. Some of these non-quantifiable benefits include:

- Saddleback Memorial is one of the City of Laguna Hill’s largest employers and as such strives to create a healthy work environment through the Good Life program, which focuses on the health and wellness of employees and their families. As part of MemorialCare, Saddleback Memorial provides a supportive work environment where employees are encouraged and empowered to eat well, get more exercise and quit smoking.
- Saddleback Memorial offers an extensive volunteer program, helping to meet the social and educational needs of youth and senior community members.

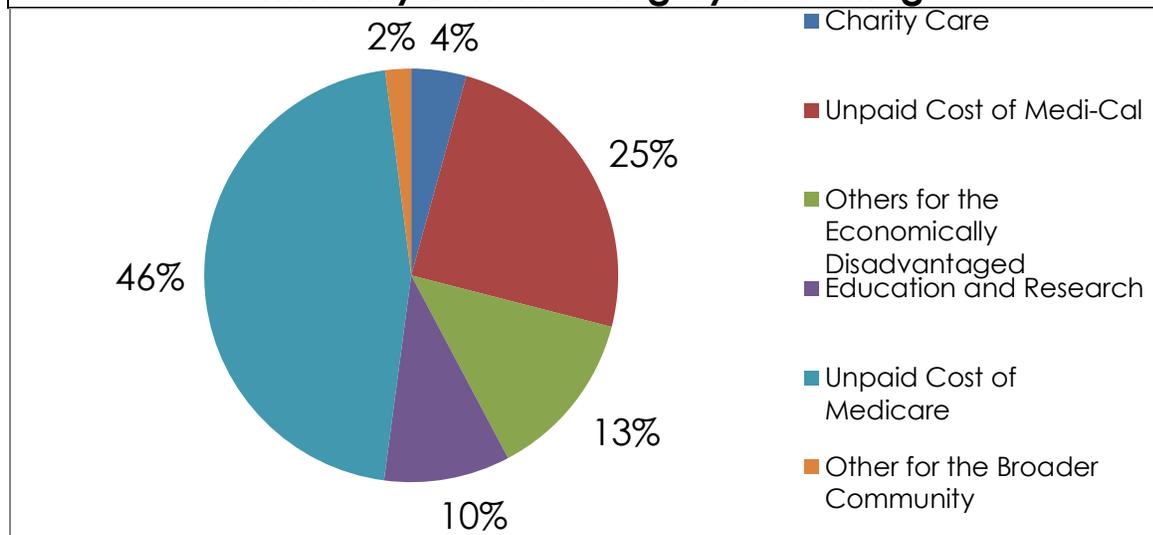
- Saddleback Memorial provides Pastoral Care Services that respond to the community's spiritual needs. One of Saddleback Memorial's Chaplains serves as the President of Orange County's Interfaith Partnership Committee, which strives to promote understanding among Orange County's diverse faiths. In addition to the 250 people who attended the yearly breakfast held at Partnership Committee meetings at Saddleback Memorial attended by 20 members of the local faith community.
- Saddleback Memorial's executives and staff work in collaboration with community service organizations. Saddleback Memorial provides leadership and actively works with both public and private organizations and agencies in our service area to address health care and social issues.
- Saddleback Memorial's employees and medical staff annually "adopt" about 100 families and seniors who are in need during the holiday season, by providing gifts and food.

## Financial Summary of Community Benefit

Saddleback Memorial's community benefit funding for FY2013 is summarized in the table below.

<b>Community Benefit Categories</b>		
CHARITY CARE <sup>1</sup>		\$ 1,521,000.00
UNPAID COSTS OF MEDI-CAL <sup>2</sup>		\$ 8,760,000.00
OTHERS FOR THE ECONOMICALLY DISADVANTAGED <sup>3</sup>		\$ 4,691,000.00
EDUCATION AND RESEARCH <sup>4</sup>		\$ 3,492,000.00
OTHER FOR THE BROADER COMMUNITY <sup>5</sup>		\$ 715,000.00
<b>TOTAL COMMUNITY BENEFIT PROVIDED Excluding Unpaid Costs of Medicare</b>		\$ 19,179,000
UNPAID COSTS OF MEDICARE <sup>2</sup>		\$ 16,260,000.00
<b>TOTAL COMMUNITY BENEFIT PROVIDED Including Unpaid Costs of Medicare</b>		\$ 35,439,000.00

### Community Benefit Category Percentages



<sup>1</sup> Charity Care includes traditional charity care write-offs to eligible patients at reduced or no cost based on the individual patient's financial situation.

<sup>2</sup> Unpaid costs of public programs include the difference between costs to provide a service and the rate at which the hospital is reimbursed. Estimated costs are based on the overall hospital cost to charge ratio. \*This total includes the Hospital Provider Fees (HPF) paid by Saddleback Memorial to the State of California. Saddleback Memorial was a contributing hospital.

<sup>3</sup> Includes other payers for which the hospital receives little or no reimbursement (County indigent).

<sup>4</sup> Costs related to the medical education programs and medical research that the hospital sponsors.

<sup>5</sup> Includes non-billed programs such as community health education, screenings, support groups, clinics and other self-help groups.

## Community Benefit Plan for FY14

The health needs were identified from issues supported by primary and secondary data sources gathered for the Community Health Needs Assessment. The needs were indicated by stakeholder interviews, a focus group, and secondary data sources. The needs were confirmed by more than one indicator or data source (i.e., the health need was suggested by more than one source of secondary or primary data). In addition, the health needs were based on the size of the problem (number of people per 1,000, 10,000, or 100,000 persons); or the seriousness of the problem (impact at individual, family, and community levels).

At a meeting of the Community Benefit Oversight Committee, the health needs were prioritized through a structured process using defined criteria. This Implementation Strategy addresses the health needs identified through the CHNA.

### Priority Health Needs

The health needs that will be addressed by Saddleback Memorial through its community benefit programs and activities are:

- Access to care
- Chronic disease management and prevention

### Addressing Health Needs

Saddleback Memorial plans to meet the identified priority health needs through a commitment of resources, activities, programs and services.

The hospital will reduce a common barrier to accessing care by offering support for medical transportation for seniors. Saddleback Memorial plans to increase its emphasis on population health management strategies and partnership development with community agencies, to expand our reach into the community and provide services that compliment rather than duplicate existing programs.

We will provide programs and support partnerships that focus on the prevention, early detection, and management of chronic diseases and conditions to include: chronic obstructive pulmonary disease, heart failure, and diabetes, and the health risks that cause these diseases.

Forming partnerships and collaborating with community agencies that address the health and social needs of the adult and older adult population is fundamental to Saddleback Memorial's Community Benefit program, with the emphasis on population health strategies and programs. These agencies may include local senior centers,

skilled nursing facilities, faith-based groups, and other organizations that provide services as part of the continuum of care for our shared senior population.

Saddleback Memorial will provide health education and support groups that focus on a variety of topics related to health and wellness, chronic disease management, healthy eating, disease and injury prevention, and smoking cessation. Priority health needs will be addressed through health and wellness fairs, disease screenings, flu clinics and preventive exams.

Saddleback Memorial will offer targeted health outreach to seniors through the Senior Care Connections newsletter that is mailed to their homes. The Care Connection newsletter will be mailed to community residents to provide information on free health classes, screenings, and support groups held at Saddleback Memorial and in the community. The information will also be posted at [memorialcare.org](http://memorialcare.org)

### **Other Health Needs**

Saddleback Memorial has chosen not to actively address the following health needs identified in the CHNA that were not selected as priority health needs. These health needs are: mental health care, dental care, access to primary care, access to health insurance, alcohol/drug use, and housing. Saddleback Memorial has chosen not to focus on these health needs as there are existing resources in the community that address these needs. These other health needs do not align with hospital strategic initiatives, and Saddleback Memorial does not have existing resources or infrastructure to effectively meet these community health needs. Therefore, the focus of the hospital's charitable resources will be placed on the priority health needs.

**Appendix 1: Fair Pricing Policy**

 <b>Memorial Health Services Policies and Procedures</b>	<b>Effective Date: January 12, 2012</b>  <b>Note: For origination date see History at end of Policy.</b>
<b>Subject: Financial Assistance</b>	<b>Approval Signature:</b>  <b>[Barry Arbuckle]</b> <b>Barry Arbuckle</b> <b>President &amp; CEO</b>
<b>Manual: Finance/Purchasing</b>  <b>Policy/Procedure # 236</b>	<b>Sponsor Signature:</b>  <b>[Patricia Tondorf]</b> <b>Patricia Tondorf</b> <b>Executive Director</b> <b>Revenue Cycle Management</b>

**PURPOSE:** Memorial Health Services (MHS) is a non-profit organization that provides hospital services in five distinct Southern California communities. Memorial Health Services and its member hospitals are committed to meeting the health care needs of patients, including those who may be uninsured or underinsured. Consistent with this commitment, MHS has developed this Financial Assistance Policy to assist qualified patients with the cost of medically necessary services.

The Financial Assistance Policy establishes the guidelines, policies and procedures for use by hospital personnel in determining patient qualification for financial assistance. This policy also specifies the appropriate methods for the accounting and reporting of Financial Assistance provided to patients at hospitals within Memorial Health Services.

Emergency physicians providing emergency medical services at any MHS hospital are also required by law to provide discounts to uninsured patients or patients with medical costs who are at or below 350 percent of the federal poverty level as defined in this policy.

**POLICY**

**Definitions:**

**Financial Assistance-** includes both Charity Care and Low Income Financial Assistance, and is defined as any necessary<sup>1</sup> inpatient or outpatient hospital service that must be provided at an MHS facility to a patient who is unable to pay for care. Patients unable to pay for their care may apply to Memorial Health Services for financial assistance.

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<sup>1</sup> Necessary services are defined as health care services or supplies that a physician or other health care provider, exercising prudent clinical judgment, would provide to a patient for the purpose of preventing, evaluating, diagnosing, or treating an illness, injury, disease or its symptoms, and that is not primarily for the convenience of the patient, physician or other health care provider, and not more costly than an alternative service or sequence of services or supply at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's illness, injury or disease.

Eligibility for patient financial assistance will be evaluated in accordance with the requirements contained in the Financial Assistance Policy.

**Charity Care-** Memorial Health Services has a Charity Care program for patients whose household income is less than or equal to two hundred percent (200%) of the current Federal Poverty Level (FPL) Guidelines. Qualifying patients who also meet all other Financial Assistance Program qualification requirements may be entitled to a discount of one hundred percent (100%) of the patient liability portion of the bill for services, for both insured and uninsured patients.

**Low Income Financial Assistance (LIFA) -** Memorial Health Services also provides Low Income Financial Assistance to patients whose household income is less than or equal to 350% of the current FPL Guidelines, and excluded from Charity Care due to monetary assets. Qualifying patients who also meet all other Financial Assistance Program qualification requirements may be entitled to a discount of the patient liability portion of the bill for services.

**Cash Discount-** Available to all patients not utilizing insurance regardless of income or assets. Under the cash discount program, the patient's payment obligation will be one hundred fifty percent (150%) of the total expected payment, including co-payment and deductible amounts that the Medicare program would have paid for the service if the patient was a Medicare beneficiary

Federal Poverty Level- means the poverty guidelines updated periodically 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.

Depending upon individual patient eligibility, financial assistance may be granted on a full or partial aid basis. Financial assistance may be denied when the patient or other responsible guarantor does not meet the MHS Financial Assistance Policy requirements.

#### Financial Assistance Reporting

All MHS system hospitals will report the amounts of Charity Care financial assistance provided to patients to the California Office of Statewide Health Planning and Development (OSHPD) in accordance with OSHPD regulatory requirements, as described in the OSHPD Accounting and Reporting Manual for Hospitals, Second Edition and any subsequent OSHPD clarification or advisement. To comply with these regulations, each hospital will maintain this policy as written documentation regarding its Charity Care criteria, and for individual patients, each hospital will maintain written documentation regarding all financial assistance determinations. As required by OSHPD, Charity Care provided to patients will be recorded on the basis of actual charges for services rendered.

Charity Care will be reported as an element of each hospital's annual Community Benefit Report submitted to OSHPD and any other appropriate state agencies.

## General Process and Responsibilities

Access to emergency medical care shall in no way be affected by whether financial assistance eligibility under this policy exists; emergency medical care will always be provided to the extent the facility can reasonably do so.

All patients who do not indicate coverage by a third party payer will be provided a Medi-Cal application prior to discharge.

The Memorial Health Services Financial Assistance Policy relies upon the cooperation of individual applicants for accurate and timely submission of financial screening information. To facilitate receipt of such information, MHS hospitals will use a Financial Assistance application to collect information from patients who:

- Are unable to demonstrate financial coverage by a third party insurer and request financial assistance;
- Insured patients who indicate that they are unable to pay patient liabilities; and
- Any other patient who requests financial assistance.

The financial assistance application should be offered as soon as there is an indication the patient may be in need of financial assistance. The form may be completed prior to service, during a patient stay, or after services are completed and the patient has been discharged. Accordingly, eligibility for the MHS Financial Assistance Program may be determined at any time the hospital has sufficient information to determine qualification.

A complete financial assistance application includes:

1. Submission of all requested information necessary for the hospital to determine if the patient has income and/or assets sufficient to pay for services;
2. Authorization for the hospital to obtain a credit report for the patient or responsible party;
3. Documentation useful in determining eligibility for financial assistance; and
4. An audit trail documenting the hospital's commitment to providing financial assistance.

## Eligibility- refer to grid on appendix A

Eligibility for financial assistance shall be determined solely by the patient's and/or patient guarantor's ability to pay. Eligibility for financial assistance shall not be based in any way on age, gender, sexual orientation, ethnicity, national origin, veteran status, disability or religion.

The patient/guarantor bears the burden of establishing eligibility for qualification under any financial assistance program. Patients/guarantors are required to provide timely, honest and complete disclosure in order to obtain financial assistance. The hospital

reserves the right to require a certified copy of the patient's income tax return. Each hospital will provide guidance and/or direct assistance to patients or their guarantors as necessary to facilitate completion of government low-income program applications when the patient may be eligible. Assistance should also be provided for completion of an application for the MHS Financial Assistance Program.

Completion of the Financial Assistance application and submission of any or all required supplemental information may be required for establishing eligibility with the Financial Assistance Program. Generally, the 2 most recent pay stubs or last year's tax return including W-2 may be required to establish income. Patients applying for Financial Assistance will be mailed a written notice within 10 business days from the date the Patient Financial Services Department receives a completed application with all necessary documentation to approve or deny Financial Assistance.

Financial Assistance Program qualification is determined after the patient and/or patient guarantor establishes eligibility according to criteria contained in this policy. While financial assistance shall not be provided on a discriminatory or arbitrary basis, the hospital retains full discretion to establish eligibility criteria and determine when a patient has provided sufficient evidence of qualification for financial assistance. In the event of a dispute regarding eligibility for financial assistance, a patient may seek review from management in Patient Financial Services.

Once determined, Financial Assistance Program eligibility will remain in effect for a period of six (6) months and then may be renewed by the hospital upon submission of required information by the patient. Patient Financial Services will develop methods for accurate tracking and verification of financial assistance program eligibility.

Any eligible patient account balance created by a visit that resulted in the request for Financial Assistance Program coverage and those occurring for a period of six (6) months following eligibility determination will be considered for full or partial write-off. Generally, other pre-existing patient account balances outstanding at the time of eligibility determination by the hospital will be included as eligible for write-off at the sole discretion of management, whether tracked as an Accounts Receivable or Bad Debt

Patient obligations for Medi-Cal Share of Cost (SOC) payments will not be waived under any circumstance. However, after collection of the patient SOC portion, any other unpaid balance relating to a Medi-Cal SOC patient may be considered for Charity Care.

Factors considered when determining whether an individual is qualified for financial assistance pursuant to this policy may include, but shall not be limited to the following:

- No insurance coverage under any government or other third party program
- Household<sup>2</sup> income
- Household net worth including all assets, both liquid and non-liquid

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<sup>2</sup> "Household" includes the patient, the patient's spouse, any individual to whom the patient is a dependent and any other individual legally responsible to provide for the patient's health care needs. At age 18, a patient's income will be considered separately, regardless of living arrangements, unless the hospital is informed that the patient is still a dependent.

- Employment status
- Unusual expenses
- Family size as defined by Federal Poverty Level (FPL) Guidelines
- Credit history

Eligibility criteria are used in making each individual case determination for coverage under the MHS Financial Assistance Program. Financial assistance will be granted based upon each individual determination of financial need. To assure appropriate allocation of assistance, financial need may be determined based upon consideration of both income and available patient family assets.

Covered services include necessary inpatient and outpatient hospital care, provided that the services are not covered or reimbursed by any state or federal government program (including Medicare, Medi-Cal, or county indigent programs) or any other third party payer. All patients not covered by third-party insurance and those insured patients who indicate that they are unable to pay patient obligations such as co-payments and deductibles, may be considered for eligibility under the Financial Assistance Program.

For the purpose of determining eligibility for LIFA discounted payment, documentation of income shall be limited to recent pay stubs or income tax returns, and assets will not be considered. Any patient not wishing to disclose their assets will automatically be ineligible for a Charity Care write-off but may still qualify for LIFA.

## INCOME QUALIFICATION LEVELS

### Full Charity

If the patient's household income is two hundred percent (200%) or less of the established poverty income level, based upon current FPL Guidelines and the patient meets all other Financial Assistance Program qualification requirements, one hundred percent (100%) of the patient liability portion of the bill for services will be written off.

### Low Income Financial Assistance (LIFA)

If the patient's household income is less than three hundred fifty percent (350%) of the established poverty income level, based upon current FPL Guidelines, excluded from Charity Care due to monetary assets, and the patient meets all other Financial Assistance Program qualification requirements, the following will apply:

a. Patient's care is not covered by a payer. If the services are not covered by any third party payer so that the LIFA-qualified patient ordinarily would be responsible for the full billed charges, the LIFA-qualified patient's payment obligation will be one hundred percent (100%) of the total expected payment, including co-payment and deductible amounts, that the Medicare program would have paid for the service if the patient was a Medicare beneficiary. If the service provided is not covered under the Medicare program then the LIFA-qualified patient will be responsible for forty (40%) of billed charges.

b. Patient's care is covered by a payer. If the services are covered by a third party payer so that the LIFA-qualified patient is responsible for only a portion of the billed charges (i.e., a deductible or co-payment), the LIFA-qualified patient's payment obligation will be one-hundred percent (100%) of the patient liability portion of total payment up to the point where total payments (patient + insurance) equal one-hundred percent (100%) of the total expected payment, including co-payment and deductible amounts, that the Medicare program would have paid for the service if the LIFA-qualified patient was a Medicare beneficiary.

### ASSET QUALIFICATION

Patient owned assets may be evaluated to determine if sufficient patient household resources exist to satisfy the hospital's bill for services rendered. Evaluation of patient assets will consider both the asset value and amounts owed against the asset to determine if potential net worth is available to satisfy the patient payment obligation.

Recognizing the need to protect basic household assets, each patient family unit evaluated will be allowed the following asset exemptions:

- Primary residence
- One vehicle per patient or two vehicles per family unit
- Tax-exempt retirement program funds
- Ten Thousand Dollars (\$10,000) and fifty percent (50%) greater than Ten Thousand Dollars (\$10,000) in other total assets
- Deferred Compensation Plans

Patients who have assets beyond those specifically exempted will be expected to leverage the assets through independent financing in order to satisfy the patient account. Patients with sufficient assets will be denied eligibility for Charity Care even when they meet basic income qualification requirements.

For the purpose of determining eligibility for discounted payment, either LIFA or Cash Discount, documentation of income shall be limited to recent pay stubs or income tax returns and assets will not be considered

### SPECIAL CIRCUMSTANCES:

Any evaluation for financial assistance relating to patients covered by the Medicare Program must include a reasonable analysis of all patient assets, net worth, income and expenses, prior to eligibility qualification for the Financial Assistance Program. Such financial assistance evaluations must be made prior to service completion by the MHS hospital.

- If the patient is determined to be homeless he/she will be deemed eligible for the Financial Assistance Program.

- If the patient/guarantor has recently been declared bankrupt by a Federal Bankruptcy Court he/she will be deemed eligible for the Financial Assistance Program.

Patients seen in the emergency department, for whom the hospital is unable to issue a billing statement, may have the account charges written off as Charity Care. All such circumstances shall be identified in the account notes or on the patient's Financial Assistance Application as an essential part of the documentation process.

#### OTHER ELIGIBLE CIRCUMSTANCES:

Memorial Health Services deems those patients that are eligible for any or all government sponsored low-income assistance programs to be indigent. Therefore, such patients are automatically eligible for Charity Care or LIFA under the MHS Financial Assistance Policy and account balances classified as Charity Care if the government program does not make payment for all services provided, or days during a hospital stay.

For example, patients who qualify for Medi-Cal, CCS, CHDP, Healthy Families, MSI, CMSP, Trauma or other similar low-income government programs are included as eligible for the MHS Financial Assistance Program.

Any or all non-reimbursed patient account balances are eligible for full write-off as Charity Care. Specifically included as Charity Care are charges related to denied stays, denied days of care, and non-covered services. All Treatment Authorization Request (TAR) denials and any other failure to pay for covered or non-covered services provided to Medi-Cal and/or other government low-income qualified patients are covered.

Patients with restricted coverage, and/or other forms of limitation shall have non-covered amounts classified as Charity Care when payment is not made by the low-income government program.

Pending Medi-Cal patients not approved for Medi-Cal are also eligible for Charity Care.

The portion of Medicare patient accounts (a) for which the patient is financially responsible (coinsurance and deductible amounts), (b) which is not covered by insurance or any other payer including Medi-Cal, and (c) which is not reimbursed by Medicare as a bad debt, may be classified as Charity Care if:

1. The patient is a beneficiary under Medi-Cal or another program serving the health care needs of low-income patients; or
2. The patient otherwise qualifies for financial assistance under this policy and then only to the extent of the write-off provided for under this policy.

Any patient who experiences a catastrophic medical event may be deemed eligible for financial assistance. The determination of a catastrophic medical event shall be based upon the amount of the patient liability according to the billed charges, and considering the individual's income and assets as reported at the time of occurrence. Management shall use reasonable discretion in making a determination based upon a catastrophic

medical event. As a general guideline, any account with a patient liability for services rendered that exceeds \$100,000 may be considered for eligibility as a catastrophic medical event.

Any account returned to the hospital from a collection agency that has determined the patient or guarantor does not have the resources to pay his or her bill, may be deemed eligible for Charity Care. Documentation of the patient or guarantor's inability to pay for services will be maintained in the Charity Care documentation file or in the account notes.

### Criteria for Re-Assignment from Bad Debt to Charity Care

All outside collection agencies contracted with MHS to perform account follow-up and/or bad debt collection will utilize the following criteria to identify a status change from bad debt to Charity Care:

1. Patient accounts must have no applicable insurance coverage including governmental or other third party payers); and
2. The patient or guarantor must have an Experian credit score rating of less than or equal to 500. If the collection agency is using a credit scoring tool other than Experian, the patient and or guarantor must fall into bottom 20<sup>th</sup> percentile of credit scores for the method used; and
3. The patient or guarantor has not made a payment within one hundred eighty (180) days of assignment to the collection agency; and
4. The collection agency has determined that the patient/guarantor is unable to pay; and/or
5. The patient does not have a valid Social Security Number and/or an accurately stated residence address in order to determine a credit score.

### Public Notice

Each MHS hospital shall post notices informing the public of the Financial Assistance Program. Such notices shall be posting in high volume inpatient, outpatient and emergency service areas of the hospital. Notices shall also be posted in the patient financial services and collection departments. Notices will include contact information on how a patient may obtain more information on financial assistance as well as where to apply for such assistance. These notices shall be posted in English and Spanish and any other languages that are representative of five percent (5%), or more, of the patients in the hospital's service area according to the Federal Title VI guidelines.

Data mailers and statements sent to patients as part of the routine billing process will contain information about the MHS Financial Assistance Program. These notices shall be available in English and Spanish and any other languages that are representative of five percent (5%), or more, of the patients in the hospital's service area according to the Federal Title VI guidelines.

A patient information brochure that describes the features of the MHS Financial Assistance Program will be made available to patients and members of the general

public. These notices shall be posted in English and Spanish and any other languages that are representative of five percent (5%), or more, of the patients in the hospital's service area according to the Federal Title VI guidelines.

### Billing and Collection Practices

Patients in the process of qualifying for government or hospital low-income financial assistance programs will not be assigned to collections prior to 120 days from the date of initial billing.

If a patient is attempting to qualify for eligibility under the hospital's charity care or discount payment policy and is attempting in good faith to settle an outstanding bill with the hospital by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, the hospital shall not send the unpaid bill to any collection agency or other assignee, unless that entity has agreed to comply with guidelines outlined in California Health and Safety Code 127400 et seq. Low-income patients, who at the sole discretion of the hospital are reasonably cooperating to settle an outstanding hospital bill by making regular and reasonable payments towards their outstanding hospital bill, will not be sent to an outside collection agency if doing so would negatively impact the patient's credit. The hospital extended payment plan may be declared no longer operative after the patient's failure to make all consecutive payments due during a 90-day period. Before declaring the hospital extended payment plan no longer operative the hospital shall make a reasonable attempt to contact the patient by phone and, to give notice in writing, that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan. Prior to the hospital extended payment plan being declared inoperative, the hospital shall attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient. The hospital shall not report adverse information to a consumer credit reporting agency or commence a civil action against the patient or responsible party for nonpayment prior to the time the extended payment plan is declared to be no longer operative. For purposes of this section, the notice and phone call to the patient may be made to the last known phone number and address of the patient.

Patients who communicate that they have an appeal for coverage of services pending will not be forwarded to collections until the final determination of that appeal is made. Examples of appeals are; Health Plan Appeals, Independent Medical Review, Medi-Cal and Medicare coverage appeals.

The hospital shall reimburse the patient or patients any amount actually paid in excess of the amount due under this article, including interest. Interest owed by the hospital to the patient shall accrue at the rate of ten-(10%) percent per annum; beginning on the date payment by the patient is received by the hospital. However, a hospital is not required to reimburse the patient or pay interest if the amount due is less than five dollars (\$5.00). The hospital shall give the patient a credit for the amount due for at least 60 days from the date the amount is due.

All extended payment plans will be interest free.

## Confidentiality

It is recognized that the need for financial assistance is a sensitive and deeply personal issue for recipients. Confidentiality of requests, information and funding will be maintained for all that seek or receive financial assistance. The orientation of staff and selection of personnel who will implement this policy shall be guided by these standards.

## Good Faith Requirements

Every MHS hospital makes arrangements for financial assistance with medical care for qualified patients in good faith and relies on the fact that information presented by the patient is complete and accurate.

Provision of financial assistance does not eliminate the right to bill, either retrospectively or at the time of service, for all services when fraudulent, inaccurate or incomplete information has been given. In addition, the MHS hospital reserves the right to seek all remedies, including but not limited to civil and criminal damages from those who have provided false, inaccurate or incomplete information in order qualify for the MHS Financial Assistance Program.

In the event that a patient qualifies for partial financial assistance under the LIFA component of this Policy and then fails to make payment in full on their remaining patient liability balance, the hospital, at its sole and exclusive discretion, may use any or all appropriate means to collect the outstanding balance while in compliance with California Health and Safety Code 127400 et seq.

## History:

Origination: May 22, 2006 (Replaces Policies #230 Low Income Financial Assistance (LIFA), Qualifications For: and #231 Charity Care, Qualification and Process for Assignment)

Reviewed/Revised: January 1, 2007

Reviewed/Revised: December 20, 2007

Three Year Review: February 18, 2010

Reviewed/Revised: December 27, 2011

Revised: January 12, 2012

Appendix A.

	CHARITY CARE		CASH DISCOUNT
FPL INCOME LEVEL	0-200%	<= 350% and disqualified from 100% Charity Care	OVER 350%
DISCOUNT	Charity Care	Charity Care- Low Income Financial Assistance Discounted Payment	Cash Discount
	100% Write-off	100% of Medicare	150% of Medicare
<b>Income*</b>	For purposes of determining eligibility for charity care, documentation of assets may include information on all monetary assets, but shall not include statements on retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans.	For purposes of determining eligibility for discounted payment, documentation of income shall be limited to recent pay stubs or income tax returns.	Not to be Considered
<b>Assets</b>	For purposes of this determination, monetary assets shall not include retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans. Furthermore, the first ten thousand dollars (\$10,000) of a patient's monetary assets shall not be counted in determining eligibility, nor shall 50 percent of a patient's monetary assets over the first ten thousand dollars (\$10,000) be counted in determining eligibility.	Not to be considered	Not to be Considered
<b>Qualifications</b>	Available to Uninsured patients or Patients with high medical costs as defined by:(1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed 10 percent of the patient's family income in the prior 12 months. (2) Annual out-of-pocket expenses that exceed 10 percent 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 12 months.	Available to Uninsured patients or Patients with high medical costs as defined by:(1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed 10 percent of the patient's family income in the prior 12 months. (2) Annual out-of-pocket expenses that exceed 10 percent 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 12 months.	Patients not utilizing insurance.