

## Administrative Manual

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### I. Description

Policy and procedures for providing financial assistance to patients for services at the University of North Carolina Health Care System (UNCHCS). This policy applies to the following entities: UNC Hospitals (including Wakebrook and Hillsborough campuses), Chatham Hospital, Inc., High Point Regional Health, Regional Physicians, LLC, UNC Faculty Physicians (including Wakebrook and Hillsborough campuses), Rex Hospital, Inc., UNC Physicians Network, LLC UNC Physicians Network Group Practices, LLC, and Caldwell Memorial Hospital, Inc.

### II. Rationale

As part of its mission, UNCHCS provides care for residents of North Carolina who are uninsured or underinsured and do not have the ability to pay for medically necessary health care services. The purpose of this policy is to use financial assistance resources available to UNCHCS to maximize the availability of health care services to the people of North Carolina in a consistent, equitable and effective manner.

This policy does not affect or limit UNCHCS's dedication and obligation under EMTALA to treat patients with emergency medical conditions.

### III. Policy

UNCHCS shall have an organized patient financial assistance program designed to help provide necessary health care for North Carolina residents to the extent that resources are available. For this purpose, a Financial Assistance Oversight Committee (FAOC) will oversee all aspects of the patient financial assistance program, including pharmacy financial assistance and transplant financial assistance. The policy in effect at the time of the approval/denial will be used to determine eligibility for financial assistance.

A summary of the policy's baseline criteria, benefits and annual costs will be posted in service areas and on internet sites to include methods and contacts for application. The policy in its entirety may be obtained by contacting the Legal Department or the Office of Revenue Cycle Management.

Patient Financial Assistance consists of the following components:

- A. Discounts for Uninsured Services

- B. Charity Care
- C. Catastrophic Charity Care
- D. Dental Services
- E. Psychiatry Psychotherapy Resident Clinic

**A. Discounts for Uninsured Services**

Persons who have no health insurance coverage, no coverage from any other third party (such as third party auto liability coverage), or who obtain services not covered by their health insurance will be eligible for a 40% discount on charges, except for Category 3 and 4 services in the Financial Assistance Exceptions Table (Appendix A). This discount will be given regardless of income or North Carolina residency.

The FAOC will review the discount amount on an interim basis to insure charge amount parity among all patients – those with insurance, those without insurance and those receiving financial assistance. Entities and affiliates not included in this policy may choose to adopt the 40% discount amount or a different amount.

**B. Charity Care**

Charity Care is a benefit where 100% of the patient's balance will be written off except for limitations in the Financial Assistance Exceptions Table (Appendix A) and those balances covered by external funding sources. Charity Care is available for North Carolina residents who meet family income and residency criteria as defined in the Requirement Definitions for Charity Care (Appendix C). Any resident of North Carolina may apply for financial assistance and all applications will be considered without regard to race, color, gender, national origin or religious preference.

1. Availability

- a. A Charity Care application will be made available to anyone who requests it or is identified with a need AND meets eligibility screening criteria:
  - i. The patient is a NC resident.
  - ii. The patient's household income is at or below 250% of the Federal Poverty Guidelines.
- b. Patients may submit an application for Charity Care prior to their first visit to UNCHCS.
- c. UNCHCS will post notices as required by law regarding the availability of financial assistance. Patients requiring financial assistance or thought to require such assistance will be referred to a Financial Counselor or Financial Assistance Specialist.
- d. The provisions of this policy notwithstanding, UNC Physicians Network Group Practices, LLC and Rex Rehabilitation and Nursing Care Centers of Raleigh and Apex may decline to accept a new patient with no funding source, including a new Charity Care patient.
- e. UNCHCS shall not refer a patient's unpaid bill to an outside collection agency during the pendency of a patient's application for financial assistance, not to exceed a period of 120 days. Patients will continue to receive informational statements during this time period. If the 120 days is reached prior to the final determination of the application or the application is denied, the statement cycle will resume after decrementing one cycle (30 days).
- f. If a patient is deemed eligible for Charity Care, eligibility is valid at the affiliates of UNCHCS covered by this policy. Patients may only receive Charity Care after all other financial resources available to the patient have been exhausted AND the patient is without sufficient income to cover out-of-pocket expenses as defined by UNCHCS.

Other financial resources include, but are not limited to, private health insurance, CHIP, agency funding, Medicare and/or Medicaid.

- g. If the Charity Care application is approved, Charity Care will apply to balances after all third-party coverage has been collected. Whenever agency funding is available, whether or not the patient has been approved for Charity Care, agency funding must be secured prior to the service being scheduled and covered by Charity Care. If the service is scheduled prior to the completion of the agency funding process, the service must be flagged for exclusion from Charity Care.
  - h. As of January 1, 2015, a determination of eligibility for Charity Care will be effective for 18 months prospectively from the date of approval and retroactively for all patient balances incurred prior to the approved Charity Care application.
  - i. Charity Care covers only services deemed “medically necessary” by Medicare, Medicaid, or industry standards. All medically necessary services will be considered Category 1 unless approved as Category 2, 3 or 4 in the Financial Assistance Exceptions Table (Appendix A).
  - j. For services in Categories 2, 3, and 4 in the Financial Assistance Exceptions Table (Appendix A), medical necessity will be determined by the treating physician. In instances where medical necessity is unclear, the Financial Assistance Oversight Committee will make a final determination.
  - k. Patients actively eligible for Medicaid shall be eligible for Charity Care adjustments of patient balances as defined above except for services rendered in the Rex Rehabilitation and Nursing Care Centers. Confirmation of patient’s eligibility for Medicaid via an electronic Medicaid eligibility verification system is used in lieu of the Charity Care application.
  - l. Medicare patients who are eligible for the Medicaid programs MQB-B and MQB-E qualify for a Charity Care adjustment of the balance remaining after payment by Medicare and any other applicable third-party payer except for balances incurred in the Rex Rehabilitation and Nursing Care Centers. Confirmation of the patient’s eligibility for Medicaid MQB-B or MQB-E on the date of service via an electronic Medicaid eligibility verification system is used in lieu of the Charity Care application.
2. Rights and Responsibilities
- a. If a patient does not have Medicaid or other private agency funding, but may qualify, the patient must cooperate with any available funding application process to be considered for Charity Care. If a patient does not cooperate, Charity Care will be denied or, if an active approval is on file, revoked, and the patient will be responsible for any balances.
  - b. Only patient balances will be considered for Charity Care write-off. Patient balance is the amount for which there is no third-party coverage or other funding available, or balances after insurance. Accounts in a Liability status are not eligible for Charity Care.
  - c. If the patient’s household income and assets minus a standard allowance for liabilities and expenses is less than or equal to 250% of the current Federal Poverty Guidelines for the patient’s family size, the patient may be eligible for Charity Care.
  - d. Once the final determination has been made regarding Charity Care eligibility, the patient will be notified in writing.
  - e. If a patient’s income or family size changes, a new Charity Care application may be submitted with supporting documentation for re-evaluation of Charity Care status.

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- f. Any payments made to date will be counted toward the amount due and will not be refunded.
- g. The patient has the right to appeal a denied application for Charity Care. The appeal will be reviewed by the Financial Assistance Oversight Committee Clinical and/or Administrative Appeals Group. The patient will be notified in writing of the appeal outcome.
- h. A patient with primary insurance coverage who has been approved for Charity Care shall not be eligible for the Charity Care benefit unless the patient has complied with the terms and requirements of his or her primary insurance coverage to maximize available insurance reimbursements. For example, if the patient's primary insurance covers services only at designated in-network facilities or with in-network providers, UNCHCS will not provide Charity Care for those services if the patient chooses to use a facility or provider that is not in-network. In those circumstances, the patient will be required to pay in advance for non-emergent/urgent care if the patient chooses to use a non-network option.

### 3. Extraordinary Circumstances/Other Applicant Categories

Qualification under extraordinary circumstances not outlined below requires approval by the Financial Assistance Oversight Committee.

- a. Homeless Persons – A homeless person is an individual who has no home or place of residence and depends on charity or public assistance. Such individuals will be eligible, even if they are unable to provide all of the documentation required for the Charity Care application. The Charity Care application needs to indicate in the address field that the patient is homeless, and the application must be signed by the patient.
- b. TROSA Patients – A TROSA patient is an individual who resides at the TROSA facility and depends on that facility for all of his or her care and does not receive monies when outside of the facility. Written proof from TROSA that the patient is a resident, including date of entry, along with the completed and signed demographic section of the application shall suffice as a complete Charity Care application. TROSA patients are exempt from Charity Care copays.
- c. Deceased Patients - The charges incurred by a patient who has died may still be considered eligible for Charity Care. For the Charity Care application, the deceased patient will count as a family member, but the deceased patient's income will be zero. Accounts in an Estate status are not eligible for Charity Care.
- d. Inmates – Charges incurred by a patient who has subsequently become incarcerated may still be considered eligible for Charity Care. His/her income will be deemed as zero for the purposes of the Charity Care application from the date of entry into the correctional facility until the date of release from the correctional facility. Written proof from the correctional facility that the patient is an inmate, including date of entry and proposed date of release, shall suffice as the Charity Care application. Note: All charges incurred during the incarceration are the responsibility of the correctional facility.
- e. Transplant Services – are addressed in a separate Solid Organ Transplant Financial Policy.
- f. Pharmacy Services – are addressed in a separate Pharmacy Assistance Policy.
- g. International Patients – are not eligible for Traditional Charity Care, and are addressed in a separate International Patient Policy. An international patient is defined as one who is

a citizen of a foreign country and has entered the United States by virtue of a Visa of any type, effective or expired.

- h. Eating Disorders – North Carolina residents of Orange, Person, and Chatham counties may apply for traditional Charity Care. Otherwise, eating disorders treatments are addressed in a separate Eating Disorders Treatment Program Policy.
  - i. Project Access of Wake County – Project Access of Wake County is a physician group that provides free care to the uninsured in Wake County. A valid Project Access approval letter or card along with the completed and signed demographic section of the application shall suffice as a complete Charity Care application.
  - j. The Community Clinic of High Point, Inc – The Community Clinic of High Point, Inc., is a physician group that provides free care to the uninsured of High Point. A valid Community Clinic approval letter or card along with the completed and signed demographic section of the application shall suffice as a complete Charity Care application.
  - k. Rex Rehabilitation and Nursing Care Centers - A patient who becomes unable to pay for his/her stay at Rex Rehabilitation and Nursing Care Centers during his/her stay must apply for Medicaid benefits and is not eligible for Charity Care under this policy. A patient who has an outstanding balance for a stay at Rex Rehabilitation and Nursing Care Centers and who is eligible for Charity Care under this policy may, at or after discharge, have Charity Care adjustments applied to the unpaid balance. The discount described above in Section III.A does not apply to services delivered to a patient admitted to Rex Rehabilitation and Nursing Care Centers.
  - l. Helping Hands Clinic – The Helping Hands Clinic in Lenoir is a clinic that provides care for a nominal copayment to the uninsured of Caldwell County. A valid Helping Hands approval letter or card along with the completed and signed demographic section of the application shall suffice as a complete Charity Care application.
  - m. Financial Assistance Application Backlog – When more applications are received than can be processed within 20 business days, adjudication of applications may use one or more of the following expedited methodologies:
    - i. Applicants with a UNC Charity Care approval on file within the prior 18 months from the receipt date of the new application may be approved as long as all pages of the application are complete and the application is signed and dated.
    - ii. Applicants that submit a complete, signed, and dated application and either (1) a current tax return or (2) letter of support, if taxes are not filed, may be approved without consideration to bank account balances if the tax return does not indicate the existence of secondary or rental property.
4. Notification
- a. Once approved or denied, a notification letter will be sent to the patient’s address on file.
  - b. If additional information is required to reach a determination, a request for additional information will be sent to the patient’s address on file.
  - c. Patients approved for Charity Care will be required to pay a copay for each encounter. See Appendix B.
5. Changes to the Policy or Eligibility Criteria

Charity Care eligibility criteria will be reviewed periodically by the Financial Assistance Oversight Committee and is updated to reflect published changes in the Federal Poverty

Guidelines. Revisions may be made at any time to the criteria or the policy based on changes in UNCHCS's financial ability to provide financial assistance or changes in state or federal regulations.

### 6. Default Criteria Definition

In the absence of specific program description language defined in this policy, the current North Carolina Department of Health and Human Services, Division of Medical Assistance Medicaid Manual will be used as the default.

## C. Catastrophic Charity Care

### 1. Policy

The purpose of this policy is to use financial assistance resources available to UNCHCS to provide health care services needed by people who may incur a catastrophic medical event regardless of their residency status and to do so as consistently, equitably, and effectively as possible.

- a. UNCHCS shall have a Catastrophic Charity Care Program designed to help provide necessary health care to the extent that resources are available.
- b. The Financial Assistance Oversight Committee will oversee all aspects of the Catastrophic Charity Care Program.
- c. The policy in effect at the time of the approval/denial will be used to determine eligibility for Catastrophic Charity Care.

### 2. Eligibility Criteria

- a. Patients who are denied Traditional Charity Care based on income exceeding 250% of the Federal Poverty Guidelines or based on residency status will be considered for Catastrophic Charity Care. Any patient or guarantor thereof may be considered without regard to race, color, gender, national origin or religious preference.
- b. Existing patient balances of UNCHCS, after all other financial resources available to the patient have been exhausted, should produce a medical debt-to-income ratio of greater than or equal to 20%. For example, if a household of two has an annual income of \$75,000, the combined balances after all other means of payment must be at least \$15,000. Other financial resources include, but are not limited to, private health insurance, agency funding, Medicare and/or Medicaid.
- c. If Catastrophic Charity Care is approved, Catastrophic Charity Care will apply to balances after all third-party coverage has been ruled out, including Medicaid and any private agency payers.
- d. For approved Catastrophic Charity Care, the patient's medical debt after insurance will be reduced to 20% of the patient's income and assets minus a standard 6% expense and liability allowance. If a patient has no income, the patient's medical debt after insurance will be reduced by eighty four percent (84%).
- e. Catastrophic Charity Care may be awarded once every 12 months from the date of last Catastrophic Charity Care approval. If financial and/or family size situations change, a new Charity Care Application must be submitted.
- f. Balances in bad debt or already with collection agencies and/or the Attorney General's Office will be considered. Prospective balances will not be considered.

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- g. The calculation of medical debt will include balances that may have been decreased due to the Uninsured Discount.
- h. For Catastrophic Charity Care, all accounts for which the guarantor is responsible will be considered in the calculation of medical debt. Services otherwise excluded from Charity Care may be included in the Catastrophic calculation.
- i. When Catastrophic Charity Care is approved, the approval date is recorded. If there are balances pending third-party payment, the adjustment of the balances will be postponed until all third-party coverage has paid. Any patient balances left that were from dates of service on or prior to the approval date will then be adjusted.
- j. For patients pending Medicaid, Catastrophic Charity Care determination will be postponed until after final Medicaid disposition to allow for full and accurate accumulation of charges.

### D. Dental Services

#### 1. Policy

- a. This section of the policy is for UNCH and UNCFP balances only. This section of the policy does not apply to any other UNC affiliate.
- b. In order to be eligible for financial assistance for dental services, the patient must be approved for UNCHCS financial assistance.
- c. Dental services that are eligible for full charity care coverage are those that would be covered by Medicare. Charity care coverage includes the following:
  - i. When the severity of the underlying illness requires hospitalization
  - ii. A secondary service that is integral and necessary to treat a non-dental condition, such as tumor removal, and is provided at the same time as the primary service and by the same physician/dentist
  - iii. The extraction of teeth to prepare the jaw for radiation treatment of neoplastic disease
  - iv. An oral or dental examination performed on an inpatient basis as part of a comprehensive work-up prior to renal transplant surgery or performed in a RHC/FQHC prior to heart valve replacement
- d. .

### E. Psychiatry Psychotherapy Resident Clinic

The UNC Psychiatry Resident Psychotherapy clinics serve a training mission of providing psychiatry residents with the experience of learning to conduct long-term weekly psychotherapy. The patients' out-of-pocket expense for psychotherapy sessions reflects this training focus and is currently set at \$25 per session, regardless of whether the patient has insurance or receives charity care from UNCHCS.

## IV. Exclusions

Services appearing in Appendix A as exclusions are not eligible for financial assistance under this policy. Residential and related services at Rex Rehabilitation and Nursing Care Centers of Raleigh and Apex not covered by Medicare, Medicaid or third-party insurance by virtue of coverage limitation, benefit exhaustion and/or medical necessity are not eligible for consideration for the uninsured discount or Charity Care. Consideration may be granted for Rex Rehabilitation and

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Nursing Care Centers of Raleigh and Apex, residents' out-of-pocket deductible, co-insurance and/or co-pay amounts up to an individually determined annual maximum which takes into consideration Medicaid spend-down requirements and resource limits.

**Appendix A  
Financial Assistance Exceptions Table**

Category	Definition	Program Eligibility		Service Definitions
		Discount	Charity Care	
<b>Category 1</b>	Medically Necessary	Y	Y	Most Services
<b>Category 2</b>	High Cost Treatment; Other Alternatives Usually Available	Y	N	Cochlear implant Elective infant circumcision LDL apheresis Transplants Bariatric surgery Deep brain stimulation Penile or testicular implant Vasectomy reversal Left Ventricular Assist Device (see Transplant policy) Pediatric Hearing aids (ages to 21) Preservation reproductive opportunities after cancer treatment (IVF for PROACT) Any other procedure which does not meet medical necessity criteria
<b>Category 3</b>	Excluded Services	N	N	Cosmetic surgery/procedures* In-vitro fertilization Non-medically necessary obstetric ultrasound Optical Shop products Routine eye exams Contact lenses or exams* Hearing aids Acupuncture Non-medically necessary virtual colonoscopy Non-medically necessary full body MRI
<b>Category 4</b>	Uninsured Discount	N	Y	Rex Rehabilitation and Nursing Care Centers of Raleigh and Apex in accordance with Section III.B.3.k. UNCH Hospital Dental Clinic

\*Cosmetic surgery is not eligible for a payment plan. Full payment required prior to service.

**Appendix B  
Charity Care Copayments**

<b>SERVICE</b>	<b>COPAYMENT AMOUNT</b>
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***Copayments should be credited to the entity which generates the majority of the charges associated with the service.***

***Copayments traditionally associated with physician services:***

Primary Care Clinic Visit (per appointment even if on same day) <small>(excludes Medical Center Children’s Primary Care – See “Medical Center Children’s Primary Care” below)</small>	\$25
Specialty Care Clinic Visit (per appointment even if on same day) <small>(includes Allied Health Hearing &amp; Communications, Wakebrook Crisis &amp; Assessment, and Wound if not billed as recurring) (excludes Hospital Recurring – see “Recurring” below)</small>	\$35
Urgent Care (Non-Specialty) (per visit even if on same day)	\$35

***Copayments traditionally associated with hospital services:***

Emergency Department (ED)	\$50
Inpatient Admission and Wakebrook Residential Unit Admission	\$100
Ambulatory Surgery <small>(includes day op, adult bronchoscopy, adult and peds cardiac cath and EP, Children’s short stay unit, cystoscopy, GI manometry, GI procedures, and VIR)</small>	\$75
Ancillary (except PT/OT)	\$20
Medical Center Children’s Primary Care	\$25
Recurring (monthly by case)	
▪ Cardiac/Pulmonary Therapy	\$20
▪ Eating Disorders	\$0
▪ PT/OT	\$20
▪ Radiation Oncology	\$75

\*Primary care is defined as visits occurring in Family Medicine, Children’s Primary Care, or General Internal Medicine clinics.

When applicable, insured patients who are also eligible for Charity Care will pay their insurance carrier’s required copay, not the Charity Care copay.

## Appendix C

### Requirement Definitions for Charity Care

*NC Residency – In order to meet North Carolina state residency requirements to be Medicaid eligible, an individual must be domiciled in North Carolina with the intention to remain here permanently or for an indefinite period or show that he entered North Carolina to seek employment or with a job commitment. A person is domiciled in North Carolina if North Carolina is his fixed, established, or permanent place of residence with the intention to remain there permanently or for an indefinite period.*

**REQUIREMENT:** To verify residency, two documents from two of the categories below need to be provided. This means a document or proof must be from two of the little letters below. Example: An item from c and d would be acceptable. Two documents in b are not acceptable. Applicants who do not have two of the documents must complete and sign the declaration on the back of this form, subject to prosecution, that they do not have two of the documents listed.

- a. A valid North Carolina drivers' license or other identification card issued by the North Carolina Division of Motor Vehicles
- b. A current North Carolina rent, lease, or mortgage payment receipt, two bank statements, or current utility bill in the name of the applicant or the applicant's legal spouse, showing a North Carolina address.
- c. A current North Carolina motor vehicle registration in the applicant's name and showing the applicant's current North Carolina address.
- d. A document verifying that the applicant is employed in North Carolina.
- e. One or more documents proving that the applicant's home in the applicant's prior state of residence has ended, such as closing of a bank account, termination of employment, or sale of a home.
- f. The tax records of the applicant or the applicant's legal spouse, showing a current North Carolina address.
- g. A document showing that the applicant has registered with a public or private employment service in North Carolina.
- h. A document showing that the applicant has enrolled his children in a public or private school or a child care facility located in North Carolina.
- i. A document showing that the applicant is receiving public assistance (such as Food Stamps) or other services which require proof of residence in North Carolina. Work First and Energy Assistance do not currently require proof of NC residency.
- j. Records from a health department or other health care provider located in North Carolina which shows the applicant's current North Carolina address.
- k. A written declaration from an individual who has a social, family, or economic relationship with the applicant, and who has personal knowledge of the applicant's intent to live in North Carolina permanently, for an indefinite period of time, or residing in North Carolina in order to seek employment or with a job commitment.
- l. A current North Carolina voter registration card.
- m. A document from the US Department of Veteran's Affairs, US Military or the US Department of Homeland Security verifying the applicant's intent to live in North Carolina permanently or for an indefinite period of time, or that the applicant is residing in North Carolina to seek employment or has a job commitment.
- n. Official North Carolina school records, signed by school officials, or diplomas issued by North Carolina schools (including secondary schools, colleges, universities, community colleges), verifying the applicant's intent to live in North Carolina permanently or for an indefinite period of time, or that the applicant is residing in North Carolina to seek employment or with a job commitment.
- o. A document issued by the Mexican consular or other foreign consulate verifying the applicant's intent to live in North Carolina permanently or for an indefinite period of time, or that the applicant is residing in North Carolina to seek employment or has a job commitment.
- p. UNCHCS has the authority to determine what is considered satisfactory proof, and retains the right to deny eligibility and/or declare that the documents provided are unacceptable if UNCHCS believes that the documentation is false or otherwise finds the documentation to be unsatisfactory. UNCHCS can require the provision of additional supporting documentation.

## North Carolina Residency Applicant Declaration

I, \_\_\_\_\_, verify that I cannot provide two North Carolina state residency verification documents.

***I hereby declare that the above information is true and accurate. I understand that this declaration form is used to help verify that I meet North Carolina state residency requirements for UNC Health Care Charity Care. I understand that a false or misleading declaration by me may result in Charity Care adjustments for which I would not otherwise have qualified, and may subject me to civil and criminal penalties.***

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No. \_\_\_\_\_

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*Third Party Coverage - All patients will be screened for third-party sources of coverage and assistance that may include, but are not limited to:*

- 1) Personal or Employee Sponsored Health Insurance
- 2) Medicare, Medicaid, CHIP, commercial, or any other third party coverage
- 3) Eligibility for public assistance programs
- 4) Third party coverage from an employer or family member's employer
- 5) Workers' Compensation

*Income/Employment Status* – Income includes total cash receipts from all sources before taxes. Verification of income is not required for dependents under age 18.

The following are considered income:

- 1) Wages and salaries before deductions
- 2) Self-employment income
- 3) Social security benefits
- 4) Pensions and retirement income/distribution
- 5) Unemployment compensation
- 6) Strike benefits from union funds
- 7) Workers' Compensation
- 8) Veterans' payments
- 9) Public Assistance payments
- 10) Training stipends
- 11) Alimony
- 12) Military family allotments
- 13) Income from dividends, royalties, & interest income
- 14) Income from estates and trusts
- 15) Income from legal settlements
- 16) Regular insurance or annuity payments
- 17) Support from an absent family member or someone not living in the household
- 18) Lottery winnings
- 19) Self Employment – includes meals, travel, gifts, entertainment, and up to \$10,000 in depreciation obtained from Schedule C.

The following will not be considered income:

- 1) Food or rent received in lieu of wages
- 2) Non-cash benefits
- 3) Payments from student loans and grants
- 4) Child Support payments

The following may be used to prove income:

- 1) Federal and state income tax returns for the prior calendar year.  
Self-employed patients are to provide Schedule C of their federal income tax return. The following deductions will not be allowed in determining income:
  - a. Depreciation
  - b. Travel, Meals, & Entertainment
  - c. Expenses listed as "Other" on Schedule C will be evaluated on an individual basis
- 2) W-2 Form(s), or other IRS income forms, included with the prior calendar year tax return filing.

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- 3) Payroll check stubs covering the last six weeks are required. When check stubs are unavailable, telephone verification from employer verifying employment and income is acceptable. Telephone verification may only be performed by an authorized UNCHCS employee to the applicant's Human Resource Representative, not vice-versa. The UNCHCS employee must document in the system and/or record the following:
  - a. Company name
  - b. Date, time of phone call
  - c. Phone number called
  - d. Person at applicant's place of employment verifying income
- 4) Other current income from any source not directly related to employment, such as retirement or disability benefits, Social Security, or Veteran's Benefits must be verified with check stubs or other documentation.
- 5) The most recent checking & savings account statements.
- 6) Patients who are employed, but due to a temporary medical condition rendering them unable to work are not drawing an income, will have their annual income reduced by the period of inability to work. This pro-rated income will be used in determining the patient's eligibility for financial assistance.

Example: The income of a patient with an annual income of \$40,000 who is unable to work for 12 weeks will have a pro-rated annual income of \$30,000 for the purposes of determining eligibility for financial assistance.
- 7) In instances when the patient states that the above supporting documentation does not exist, the patient will be required to provide a statement attesting to their income.

Unemployment may be documented by presentation of:

- 1) North Carolina Employment Security Commission documents
- 2) Letters from state and local agencies on their letterhead
- 3) In the absence of any of the above, patients who are unemployed are required to document how their expenses are being paid. Credit reports will be obtained when additional information is needed. These requirements will be waived for patients of retirement age as published by Social Security.

The following calculations will be used to determine income:

- 1) Checking and Savings Accounts - Excluding deposits of income already calculated or excluded due to policy (child support, student loans or grants), take ending balance from each statement and add all other deposits. Add the three monthly subtotals and divide the amount by three to obtain a monthly average. The average amount is then added as a one-time amount to annual income.
- 2) Money Markets, Stocks, Bonds, and Certificates of Deposit - Add 100% of value toward annual income.
- 3) Individual Retirement Accounts -. When funds are being drawn, take amount received per month and multiply by number of months received in a year. Add to annual income.
- 4) Pay Stubs, Retirement Accounts, Social Security Disability (SSD), and Supplement Security Income (SSI) – Take amount received per month and multiply by number of months received in a year. If paystubs are hourly, take hourly amount and multiply by number of hours worked per week. Use table below to calculate monthly amount. Multiply monthly amount times the number of months worked per year. If salaried, use table below to calculate monthly amount, as needed. Multiply monthly amount times the number of months worked per year.

**Converting income to a gross monthly amount**

If paid weekly	Multiply by 4.3
If paid biweekly	Multiply by 2.15
If paid semimonthly	Multiply by 2
If paid monthly	Use the gross monthly amount

The following asset calculations will be performed to adjust income:

- 1) One third of liquid assets drawn down as a withdrawal from a bank. The most recent checking and savings account statements from the guarantor are required. Stocks, bonds and non-retirement investments are considered available liquid assets to be used for this calculation. Long-term retirement annuities are not included when considering liquid assets. Examples of liquid assets include, but are not limited to checking, saving, & money market accounts, CDs, and bonds.
- 2) Non-liquid assets as defined by requirements according to North Carolina Department of Health and Human Services' Medicaid MA-2230 Financial Resources definition for countable real property will be considered in assessing financial assistance eligibility. A patient's equity in real property, when compared to the tax value, plus any rental income profit/loss will be considered a non-liquid asset. The patient's primary residence will be excluded.
- 3) Individual Retirement Accounts – Do not count when funds not being drawn.
- 4) Real Estate Owned (other than primary residence) - Take the tax value minus the remaining mortgage amount due to calculate the equity. Equity is then added to total annual income.
- 5) Expenses – Income will be reduced by an additional 6% as a standard expense allowance.

The following are considered liabilities:

- 1) Home Mortgage
- 2) Land Mortgage
- 3) Property Tax
- 4) Vehicle/Auto Payment
- 5) Child Support (paid)
- 6) Bank and/or Student Loans
- 7) Credit Cards

The following are considered expenses:

- 1) Rent
- 2) Home/Fire Insurance
- 3) Food
- 4) Electricity
- 5) Heat (gas, oil, wood, kerosene)
- 6) Water/Sewer/Garbage
- 7) Telephone
- 8) Cable TV
- 9) Internet
- 10) Health Insurance
- 11) Burial or Life Insurance
- 12) Child Care/Tuition
- 13) Transportation
- 14) Medicines/Supplies

## Patient Financial Assistance

The following expense and liability calculation will be used to adjust income:

- 1) Expenses and Liabilities – Income will be reduced by a standard expense and liability allowance of 6% of calculated income.

*Family Size* - A family is a group of two or more persons related by birth, marriage, or adoption that live together. All such related persons are considered as members of one family. Family members are defined as follows:

- 1) The patient and, if married, his/her spouse
- 2) Any natural, or adopted minor child of the patient, or spouse who has not been emancipated by a court and who is not, or has never been, married
- 3) Any minor for whom the patient or patient's spouse has been given the legal responsibility by a court
- 4) Any person designated as "dependent" on the patient's latest tax return
- 5) Any student over 18 years old who is dependent on the patient's family income for over 50 percent support
- 6) Any other person dependent on the patient's family income for over 50 percent support
- 7) Any minor child of a minor who is solely, or partially, supported by the minor who is a member of the patient's family

Dependency is determined by one of the following documents that contain the patient's or patient's spouse's name:

- 1) Current tax return
- 2) Court-ordered guardian/conservator ship
- 3) Birth certificate
- 4) Baptismal record
- 5) Social Security award letter
- 6) U.S. Immigration documentation
- 7) In the absence of any of the above, a signed affidavit from the patient witnessed by a UNCHCS representative attesting to the dependency of minor child or other family member
- 8) A minor is one who has not reached his/her eighteenth (18th) birthday and who is not and has never been married. When the marital status of the minor cannot be determined, or when there is no documentation indicating the patient is an emancipated minor, the parents or legal guardian should be designated as the responsible party. The parents or guardian's income and residence should be used to determine eligibility for financial assistance. Legal guardianship must be supported by fully executed and valid legal documents.

Proof of family size will be based on the most current filed Federal Tax form in accordance with the IRS tax laws. A birth certificate(s) must be presented to validate an increase in the family unit above the total claimed on the most recent tax return. If no tax return is provided, the family size will be calculated as one (1).