Washington State 2005

Charity Care In Washington Hospitals

July 2008

Washington State Department of Health

Center for Health Statistics
Hospital and Patient Data Systems

Washington State 2005

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Foreword

The 1989 Legislature enacted RCW 70.170.060 which prohibits any Washington hospital from denying access to emergency care based on inability to pay or adopting admission policies which significantly reduce charity care. The same legislation directs each hospital to develop a charity care policy. The Department of Health is responsible for rule making and monitoring related to charity care and is required to report to the Legislature and Governor on an annual basis. This report presents data submitted by Washington hospitals in their fiscal year 2005 Hospital Year-end Reports and 2006 Annual Budget Submittals.

This report:

- Provides a source of data to assess the impact of uncompensated health care on hospital charges and continued access to health care in a community.
- Is a resource document for persons wishing to conduct research or seek information on uncompensated health care.

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Executive Summary

This report contains data regarding total charity care charges provided by all licensed hospitals in Washington. Charity care is reported as a percentage of total patient service revenue and of adjusted revenue.

RCW 70.170 defines charity care as "necessary inpatient and outpatient hospital health care rendered to indigent persons...". A person is considered indigent if family income is at or below 200 percent of the federal poverty level (see Appendix 5). Past hospital accounting practice did not consistently separate bad debt (often stemming from non-payment of bills by low income patients) from charity care. Reports in the early years used charity care and bad debt together. Recent years reviewed only charity care. This report brings back bad debt so Washington State results can be compared to national data.

Washington hospitals provided $461 million in total charity care charges for 2005, which are an increase of 22.0 percent above 2004 and a 210.7 percent increase above the 2003 levels. Charity care for 2005 was 2.18 percent of total hospital revenue and 4.48 percent of "adjusted revenue" (with Medicare and Medicaid payments deleted for comparisons focused on each hospital's base of primarily private payments). Total charity care charges have consistently increased from 1998 to the present. The growth in charity care has moderated since the increase from 2003 to 2004 which was the largest increase in charity care ever recorded by either the Department of Health or by the Washington State Hospital Commission.

Thirty-one hospitals each provided more than $3 million of charity care in FY 2005, which accounted for nearly 93 percent of the statewide charity care. Regionally, King County clearly provides the largest dollar amount of charity care, with Harborview Medical Center alone providing approximately 21 percent of the statewide total. Small Town/Isolated Rural and Rural Urban Fringe hospitals (see Appendix 2) report less charity care in proportion to their total adjusted revenue than do urban hospitals. Rural hospitals also have a higher proportion of revenue from Medicare and Medical Assistance (including Medicaid), resulting in a smaller base of private sector payers to which charity care costs could be shifted.

We have added a few new sections. Washington hospitals' inflation adjusted experience with charity care over time shows charity care outpacing the consumer price index and the producer's price index. Inflation-adjusting charity care amounts allows the reader to see changes in charity care from year to year, accounting for the general tendency for all prices to increase over time. National and state charity care policy status is briefly discussed and we note how there are no national standards. Uncompensated care by hospitals in the county compared to poverty in the county shows an 11.6 % statewide poverty rate and an average of $1,268.44 written off for charity care per person considered under the poverty level. Historical statewide levels of charity care and bad debt shows that charity care amount to be larger than bad debt for the first time since 1995.

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Charity Care Defined

Charity care is defined in RCW 70.170.020 (see Appendix 4) as necessary hospital health care rendered to indigent persons, when the persons are unable to pay for the care or pay the deductibles or co-insurance amounts required by a third-party payer. A person in need of care is considered "indigent" if family income is at or below 200 percent of the federal poverty level. Past hospital accounting practice did not consistently separate bad debt from charity care. The basic distinction between bad debt and charity care in the health care setting can be made between uncollectible accounts arising from a patient's unwillingness to pay (bad debt) and those arising from a patient's inability to pay (charity care).

Effective March 1991, the Department of Health adopted accounting rules that provided uniform procedures, data requirements, and criteria for identifying patients receiving charity care. These rules also provided a definition of residual bad debt. These changes have resulted in more accurate and consistent reporting on the components of uncompensated care.

Charity Care Policy For Washington Hospitals

Since 1991, Washington hospitals have been required to maintain a charity care policy on file with the Center for Health Statistics (CHS) in the Department of Health. Each policy includes the following information:

- a set of definitions describing terms the hospital uses in its charity care policy;
- the procedures the hospital uses to determine a patient's ability to pay for health care services and to verify financial information submitted by the patient;
- a sliding fee schedule for individuals whose annual family income is between 100 and 200 percent of the federal poverty level, adjusted for family size; and
- procedures used to inform the public about charity care available at that hospital.

In addition to the charity care policy, each hospital annually reports to the Department of Health actual total charges for charity care and bad debt within 120 days of the close of the fiscal year as part of the hospital's year-end financial report. Hospitals also provide an estimate of charity care 30 days prior to the start of their fiscal year in their annual budget submittal.

Two health maintenance organization hospitals (Group Health Central and Eastside) are not included in this report since health care charges are prepaid through member subscriptions and therefore uncompensated health care is not incurred. Also excluded are two state-owned psychiatric hospitals, federal Veteran's Affairs hospitals and federal military hospitals. This report is based on data collected from 94 licensed Washington hospitals for their fiscal year ending in 2005.

Historically, data reported to the state did not include the number of patients granted charity care. Therefore, it has been unknown whether the number of charity care cases is going up, down, or remaining the same over time. For this reason, the department is currently requesting the number of charity care patients be reported along with charity care charges. For fiscal year 2005, 51 of the possible 94 hospitals reported. These hospitals had 132,856 charity care patients totaling $321 million in charity care. This represents 70 percent of the total 2005 charity care dollars provided.

This report mostly provides charity care summary information, but additional data can be obtained from the CHS Hospital and Patient Data Systems (HPDS) database. CHS maintains a hospital financial database file of all financial information submitted by Washington hospitals. This database is available for public use and contains information on hospital utilization, revenues, and expenses. CHS also maintains a database

containing patient discharge information known as CHARS (Comprehensive Hospital Abstract Reporting System). CHARS dataset elements include patient demographics, diagnoses and procedures, detail and total revenue charges, insurance payers, physicians, length of stay and DRG assignment.

Charity Care Policy in Other States

There is no national community hospital charity care policy or requirement. There are some states which require hospitals to provide charity care. Some of these states have a program in which the hospitals can apply for partial reimbursement of the funds forgiven.

There are also federal laws, the Emergency Medical Treatment and Active labor Act (EMTALA) which require hospitals to treat people with certain conditions when they present themselves to the hospital irregardless of their ability to pay. These rules do not directly address charity care.

Measuring Hospitals' Charitable Contributions To Their Communities

Measuring what a hospital gives back to the community or comparing one hospital's contribution with another is not an easy exercise. Hospitals sometimes support their communities through free or low-cost services, which are not easily quantifiable and are not included in their uncompensated health care totals reported to DOH.

Comparisons based solely on data included in this report can result in misleading findings. A high level of charity care may just as easily reflect demographic conditions in a service area (income level, unemployment rate, etc.) as the charitable mission of a hospital. Conversely, a low level might reflect a relative absence of need for charity care in a hospital's service area rather than a lack of commitment to serve the community. This report makes no value judgments about any individual hospital's provision of charity care. DOH has not established a standard for the "appropriate" amount of charity care that a hospital should provide.

A hospital is limited in the amount of uncompensated health care it can provide and still remain a financially healthy institution. Ultimately, if enough charges are uncompensated, whether attributed to bad debt expense or to charity care, the facility will face operating losses. Hospitals may attempt to recover uncompensated health care by shifting costs to other payers, subsidizing uncompensated charges with non-operating revenue (e.g., parking lots, gifts shops, endowments), or increasing prices for hospital services.

Charity Care Charges in Washington Hospitals

Charity care charges increased from $378 million in FY 2004 to $461 million in FY 2005. This represents a 22.0 percent increase from 2004 to 2005. Table 1 summarizes the statewide provision of charity care from 1994 through 2005. This table also presents charity care charges as a percentage of total revenue (including Medicare and Medicaid) and adjusted revenue (without those government programs). Total revenue is the sum of billed charges for all patient services. Statewide charity care charges increased by 312 percent over the past 10 years, while statewide revenues increased by 252 percent. Since 1993 fluctuations in statewide operating margins, a profitability measure, have not adversely affected the amount of charity care provided in Washington.

Table 1. Overview of Hospital Charity Care in Washington, 1994-2005

Year	Total Revenue	Adjusted Revenue	Statewide Charity Care	Percent of Total Rev	Percent of Adj Rev	Operating Margin
1994	6,013,233,056	2,836,757,950	111,947,855	1.86%	3.95%	3.70%
1995	6,393,992,319	3,141,574,942	110,172,746	1.72%	3.51%	4.70%
1996	6,831,863,277	3,351,784,781	105,767,242	1.55%	3.16%	4.10%
1997	7,466,307,575	3,874,390,027	102,008,794	1.37%	2.63%	4.00%
1998	8,283,508,258	4,406,201,947	108,371,473	1.31%	2.46%	2.30%
1999	9,495,164,654	5,131,945,589	112,577,000	1.19%	2.19%	2.00%
2000	11,009,631,695	5,736,296,849	119,081,863	1.08%	2.08%	1.30%
2001	12,559,409,550	6,374,245,419	135,140,421	1.08%	2.12%	2.20%
2002	14,594,866,236	7,361,696,909	158,602,333	1.09%	2.15%	2.50%
2003	16,563,214,722	8,206,850,864	218,716,343	1.32%	2.67%	3.70%
2004	18,703,650,129	9,291,039,218	377,659,433	2.02%	4.06%	3.28%
2005	21,176,047,382	10,276,084,173	460,789,979	2.18%	4.48%	4.40%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports FY 1994-2005.*

The hospital accounting concept of "adjusted revenue" subtracts Medicare and Medicaid charges from total patient care revenue to allow meaningful comparisons of hospital levels of charity care. Medicare and Medicaid have specifically excluded participation in covering charity care from their prospectively determined payment levels. Since the payments that hospitals receive from Medicare and Medical Assistance do not cover charity care, the hospitals adjust their rates to recoup the charity care from their base of private purchasers and payers. This private paying base differs widely among hospitals as a percentage of business. Therefore, the use of "adjusted revenue" allows for a comparison of hospital charity care as a percentage of privately sponsored patient revenue.

Inflation Adjusted Charity Care Amounts

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The table below shows Washington hospitals' inflation adjusted experience with charity care over time. It displays charity care amounts in actual dollars and in inflation-adjusted dollars. Inflation-adjusting charity care amounts allows the reader to see changes in charity care from year to year, accounting for the general tendency for all prices to increase over time. Inflation-adjusted dollars are often called "real" dollars, because they show changes in relative values, rather than changes in cost. Unadjusted dollars are called "nominal" dollars. The unadjusted dollars reflect what hospitals reported to the Department of Health. The CPI (Consumer Price Index) adjusted dollars reflect inflation at the consumer level[1]. In other words, CPI changes reflect changes in the overall prices of goods and services. The PPI (Producer Price Index) adjusted amount is only for hospital care and reflects the changes in the selling prices received by hospitals for their services[2]. The base year for both inflation indices is 1992.

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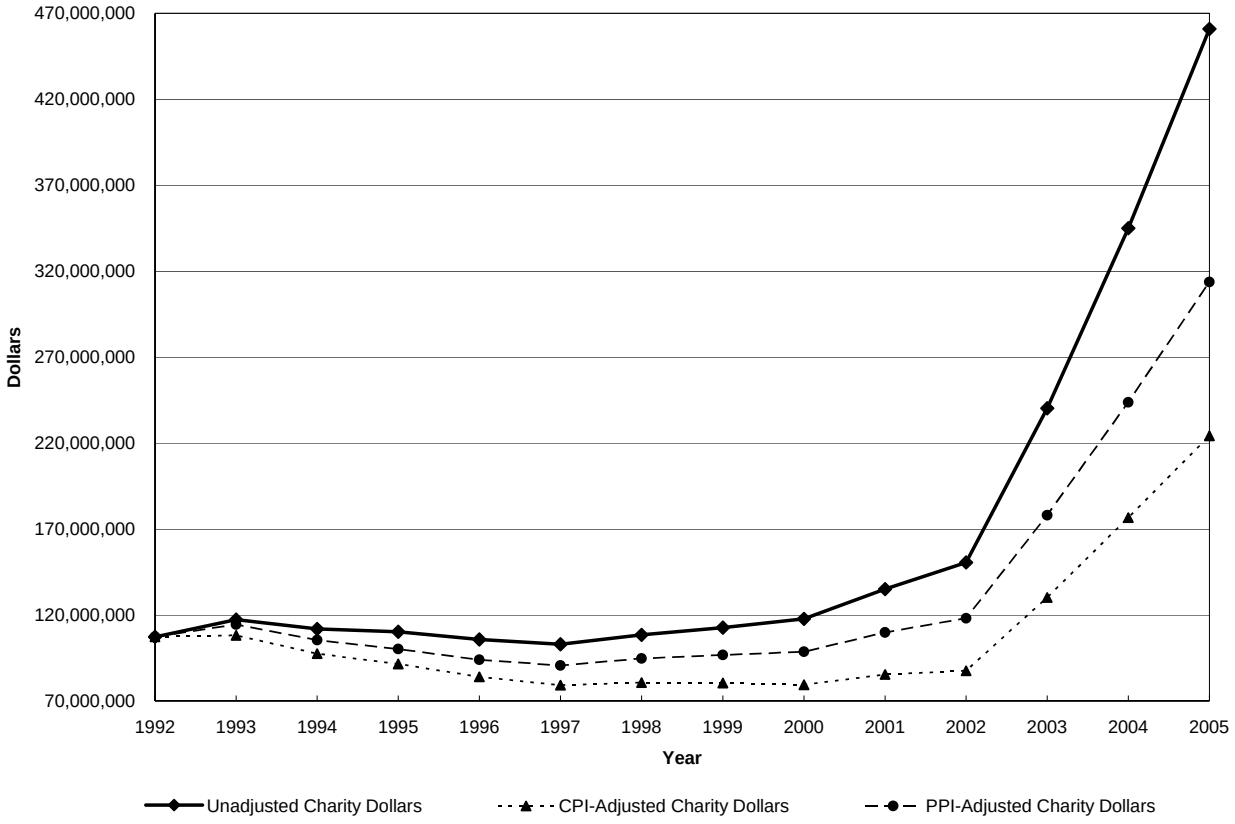
[1] The Consumer Price Index (CPI), published by the US Department of Labor, Bureau of Labor Statistics (BLS), is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. (Source: US Department of Labor, Bureau of Labor Statistics)

[2] The Producer Price Index (PPI) is also published by the BLS. The PPI is a family of indices that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. This contrasts with other measures, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective. Sellers' and purchasers' prices may differ due to government subsidies, sales and excise taxes, and distribution costs. The PPI used in this chart is specific to general medical and surgical hospitals. (Source: see above)

Under all measures, it is obvious that charity care increased sharply starting in 2003, even when the CPI and PPI hold inflation constant. Prior to 2003 charity care had a stable rate. It is unclear why the rates seem to have increased so dramatically. One possibility is that hospitals have increased the amount of their charity care, perhaps as much as doubled it in a few years. But, factors other than just an increase in care may account for some of the large swing. Alterations in accounting practices which affect what is reported or public policy changes may also be roots.

Figure 1. Inflation Adjusted Provision of Charity Care



The majority of the state's charity care comes from relatively few hospitals. Thirty-one urban hospitals each reported $3 million or more and together provided $430 million in charity care (approximately 93 percent of the charity care provided statewide) in FY 2005 (see Table 2). The amount of charity care individual hospitals provided ranged from $0 to $98 million, which reflect differences in their size, types of services provided, provisions for charity care in their mission statements, and the characteristics of surrounding communities.

Table 2. Washington Hospitals that Reported More than $3 Million in Charity Care, FY 2005

Hospital	City	County	2004 Charity Care	2005 Charity Care	Percent Change
Harborview Medical Center	Seattle	King	$ 93,480,000	$ 98,243,000	5.10%
Providence General Medical Center	Everett	Snohomish	36,312,907	31,811,074	-12.40%
Swedish Medical Center	Seattle	King	15,935,042	23,087,910	44.89%
Providence Saint Peter Hospital	Olympia	Thurston	16,496,058	22,949,168	39.12%
Tacoma General Allenmore Hospital	Tacoma	Pierce	12,808,831	18,612,298	45.31%
Saint Joseph Medical Center	Tacoma	Pierce	10,799,099	16,917,321	56.65%
Southwest Washington Medical Center	Vancouver	Clark	13,219,527	15,390,405	16.42%
University of Washington Medical Center	Seattle	King	12,174,473	14,932,682	22.66%
Providence Centralia Hospital	Centralia	Lewis	9,993,967	14,550,041	45.59%
Sacred Heart Medical Center	Spokane	Spokane	16,859,991	14,527,167	-13.84%
Valley Medical Center	Renton	King	6,629,913	14,172,017	113.76%
Virginia Mason Medical Center	Seattle	King	3,924,442	9,879 ,932	151.75%
Swedish Providence Medical Center	Seattle	King	6,333,442	9,763,471	54.16%
Saint Francis Community Hospital	Federal Way	King	6,993,925	9,634,814	37.76%
Saint Joseph Hospital	Bellingham	Whatcom	5,924,551	9,266,567	56.41%
Saint Clare Hospital	Lakewood	Pierce	5,773,527	8,928,033	54.64%
Kadlec Medical Center	Richland	Benton	5,185,481	8,792,402	69.56%
PeaceHealth Saint John Medical Center	Longview	Cowlitz	6,833,412	8,307,987	21.58%
Yakima Regional Medical Center	Yakima	Yakima	5,190,569	8,205,425	58.08%
Good Samaritan Hospital	Puyallup	Pierce	4,847,916	7,592,284	56.61%
Children's Hospital and Medical Center	Seattle	King	8,930,545	7,495,603	-16.07%
Evergreen Hospital Medical Center	Kirkland	King	5,782,192	6,885,415	19.08%
Highline Community Hospital	Burien	King	3,786,110	6,654,998	75.77%
Holy Family Hospital	Burien	King	4,927,455	5,503,638	11.69%
Yakima Valley Memorial Hospital	Yakima	Yakima	3,638,462	4,999,185	37.40%
Harrison Memorial Hospital	Bremerton	Kitsap	4,298,219	4,429,302	3.05%
Skagit Valley Hospital	Skagit	Mt Vernon	3,635,518	4,303,447	18.37%
Stevens Healthcare	Edmonds	Snohomish	3,002,628	4,220,740	40.57%
Overlake Hospital Medical Center	Bellevue	King	4,848,470	3,600,859	-25.73%
Central Washington Hospital	Wenatchee	Chelan	2,835,320	3,248,927	14.59%
Deaconess Medical Center	Spokane	Spokane	3,471,252	3,169,286	-8.70%
Total			$ 344,873,355	$ 420,075,398	21.81%

Source: *Washington State Department of Health, Financial Data Year-end Reports, FY2004-2005.*

Appendix 1 lists each hospital's charity care as dollar amounts and as percentages of its total patient service revenue and adjusted revenue. Statewide charity care in FY 2005 averaged 4.48 percent of adjusted revenue, which is higher than FY 2004 average of 4.06 percent.

The three hospitals providing the most charity care as a percentage of total revenue were:

- Harborview Medical Center - Seattle, at 11.54 percent (11.79 percent in 2004)
- Providence Centralia Hospital - Centralia, at 7.67 percent (5.81 percent in 2004)
- Valley General Hospital - Monroe, at 4.02 percent (2.77 percent in 2004).

The three hospitals providing the most charity care as a percentage of adjusted revenue were:

- Harborview Medical Center - Seattle, at 24.89 percent (24.04 percent in 2004)
- West Seattle Psychiatric Hospital – Seattle, at 21.42 percent (12.72 percent in 2004)
- Providence Centralia Hospital - Centralia, at 16.92 percent (5.11 percent in 2003).

Charity Care by Hospital and Region

Tables 3 and 4 group hospitals into five geographic regions. Four of the five regions are groups of 13 to 21 hospitals in contiguous counties. The fifth region, King County, is the state's largest population center and has a concentration of 20 hospitals. The 2005 proportions of charity care show wide variations among different areas of the state. Table 3 shows the amount of charity care provided by hospitals in each region per 1,000 residents.

Table 3. Charity Care Charges by Region, 2002-2005

Hospital Region	Charity Care Provided per 1000 Residents 2002	2003	2004	2005
King County	$ 50,723	$ 64,437	$ 98,960	$ 117,199
King County w/o Harborview Med Ctr	23,962	33,356	46,687	62,870
Puget Sound	16,416	24,311	45,089	54,618
Southwest Washington	13,845	25,564	52,745	68,948
Central Washington	15,716	19,194	36,198	49,380
Eastern Washington	18,570	26,516	48,496	48,270
Statewide	$ 26,251	$ 35,865	$ 61,231	$ 73,651

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2002-05; Office of Financial Management – Population Estimates, FY 2002-2005.*

Table 3 shows that charity care amounts in Washington ranged from a low of $48,270 per 1,000 residents in Eastern Washington, to a high of $117,199 per 1,000 King County Residents. The statewide average is $73,651 in charity care provided per 1,000 Washington residents. Among these regions, King County clearly provides the largest dollar amount of charity care. However, this picture changes dramatically when Harborview Medical Center's $98 million in charity care (21.32 percent of the statewide total) is excluded. Then charity care in King County drops from 4.48 percent of adjusted revenue to 2.62 percent. It is also important to note that Harborview derives 53.6 percent of its revenue from Medicare and Medicaid. Therefore Harborview has a very limited basis for cost shifting of charity care.

Figure 2. Washington State – Five Geographic Regions

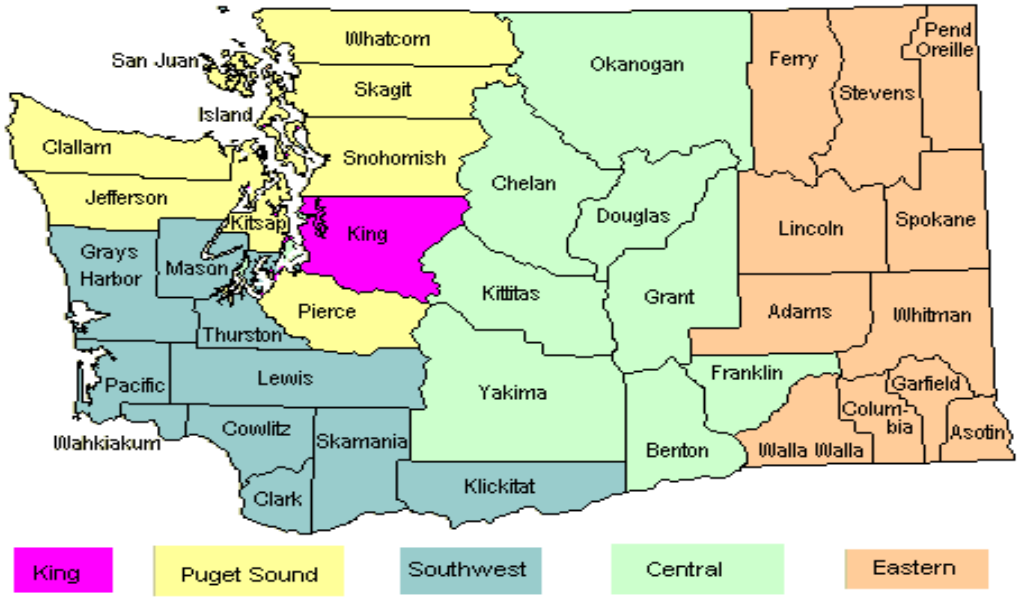


Table 4. Overview of Hospital Charity Care by Region, FY 2005 (Million dollars)

	Charity Care	Total Revenue ($M)	Medicare/ Medical Assistance Revenue	Adjusted Revenue	Charity Care As Percent of Region's Adj Rev
King County	$211.9	$8597.2	$3,564.45	$4,732.8	4.48%
As a % of State Total	46.0%	40.6%	35.5%	46.1%	
Puget Sound (Less King County)	$116.3	$5,891.3	$3,180.6	$2,710.8	4.29%
As a % of State Total	25.2%	27.8%	29.2%	26.4%	
Southwest Washington	$66.2	$2,474.1	$1,369.9	$1,104.2	5.99%
As a % of State Total	14.4%	11.7%	12.6%	10.7%	
Central Washington	$34.9	$1,912.63	$1,089.9	$822.7	4.24%
As a % of State Total	7.6%	9.0%	10.0%	8.0%	
Eastern Washington	$31.5	$2,300.8	$1,395.22	$905.6	3.47%
As a % of State Total	6.8%	10.9%	12.8%	8.8%	
State Total	$460.8	$21,176.0	$10,900.0	$10,276.1	4.48%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2005.*

Using definitions from DOH (Appendix 2), there were 44 hospitals that could be classified as rural in 2005. Of these, twenty-five were in sparsely populated "Small Town/Isolated Rural" areas; 5 in "Rural Urban Fringe" areas; and 14 in "Large Town" areas. Most rural hospitals are small. Two-thirds have less than 50 available beds. Only three rural hospitals have more than 100 set-up beds.

Rural hospitals reported total charity care of $11.6 million in 2003, $21.4 million in 2004, and $36.6 million in 2005. Historically, rural hospitals have tended to provide less charity care than their urban counterparts and have also tended to be more dependent on Medicare and Medicaid discounted payments, as shown in Table 5. However, for the second consecutive year, charity care in rural hospitals exceeded the urban hospitals as measured by charity care as a percent of adjusted revenue (4.79 rural to 4.46 urban).

Table 5. Rural/Urban Charity Care, FY 2005

	Charity Care % of Adjusted Revenue	Charity Care Per 1000 Population	Medicare & Medical Assistance as a % Total Revenue
Rural Hospitals (44)	4.79%	$ 13,198	58.88%
Small Town/Isolated Rural (25)	3.23%	8,365	60.89%
Rural Urban Fringe (5)	2.68%	1,153	53.91%
Large Town (14)	5.50%	32,371	58.60%
Urban (50)	4.46%	84,038	50.76%
All Hospitals (94)	4.48%	$ 73,651	51.47%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2005.*

For 2005, rural hospitals derived 58.88 percent (59.36 percent in 2004) of their total revenue from Medicare and Medicaid discounted payments. This indicated a more limited base for shifting charity care charges to other payers in rural hospitals than in urban hospitals, which have 50.76 percent Medicare/Medicaid payments (49.06 percent in 2004).

In 2005, charity care was less than one percent of total revenue for 20 of the 44 rural hospitals; of these 20, it was 0.5 percent or less for 7 hospitals. In terms of adjusted revenue, Appendix 2 shows charity care was less than 2 percent for 15 of the 44 hospitals; of these 18, it was 1 percent or less for 3 hospitals.

Among the four categories of urban and rural hospitals, Large Town Rural hospitals provided the most charity care as a percentage of adjusted revenue (5.50%) during 2005.

Poverty Levels and Providing Uncompensated Care

Uncompensated care tends to go to those who are the most financially needy. The table below shows the total uncompensated care delivered by county as well as the percentage of poverty in the county. The poverty figures come from the US Census Bureau. The average amount of uncompensated care per pop-ulation by county is also displayed. Generally, the largest amounts of uncompensated care are in urban areas where the large hospitals are. There does not appear to be a strong relationship between the poverty percentages and average amount of uncompensated care.

Table 6. 2005 Charity Care /Bad Debt by Hospitals in the County compared to Poverty in the County

County	Charity	Bad Debt	Uncompensated = Charity + Bad Debt	Uncompensated / Poverty Population	County Poverty Percent
Adams	480,905	1,303,133	1,784,038	$ 666.18	16.00%
Asotin	453,255	1,053,799	1,507,054	$ 464.85	15.40%
Benton	10,928,240	7,165,438	18,093,678	$ 1,072.09	10.70%
Chelan	4,063,693	6,760,656	10,824,349	$ 1,199.11	13.00%
Clallam	1,620,372	4,312,801	5,933,173	$ 702.48	12.30%
Clark	15,390,405	25,242,590	40,632,995	$ 906.04	11.20%
Columbia	33,226	334,439	367,665	$ 751.87	12.00%
Cowlitz	8,307,987	5,745,694	14,053,681	$ 1,019.64	14.30%
Douglas	No Hospital				12.10%
Ferry	32,967	188,693	221,660	$ 165.67	17.80%
Franklin	1,696,751	5,115,887	6,812,638	$ 720.91	15.20%
Garfield	39,789	97,661	137,450	$ 485.69	12.30%
Grant	1,951,394	3,283,579	5,234,973	$ 401.15	16.20%
Grays Harbor	2,138,808	6,638,533	8,777,341	$ 812.19	15.80%
Island	542,136	1,735,000	2,277,136	$ 353.48	8.30%
Jefferson	1,507,469	2,057,959	3,565,428	$ 1,159.11	10.90%
King	211,930,207	182,597,124	394,527,331	$ 2,229.88	10.00%
Kitsap	4,429,302	7,523,603	11,952,905	$ 552.97	9.30%
Kittitas	806,196	1,721,135	2,527,331	$ 516.63	14.40%
Klickitat	188,682	1,273,048	1,461,730	$ 489.20	15.10%
Lewis	14,696,196	2,941,719	17,637,915	$ 1,690.59	14.60%
Lincoln	365,653	342,531	708,184	$ 582.39	11.80%

Table 6 (Continued.)

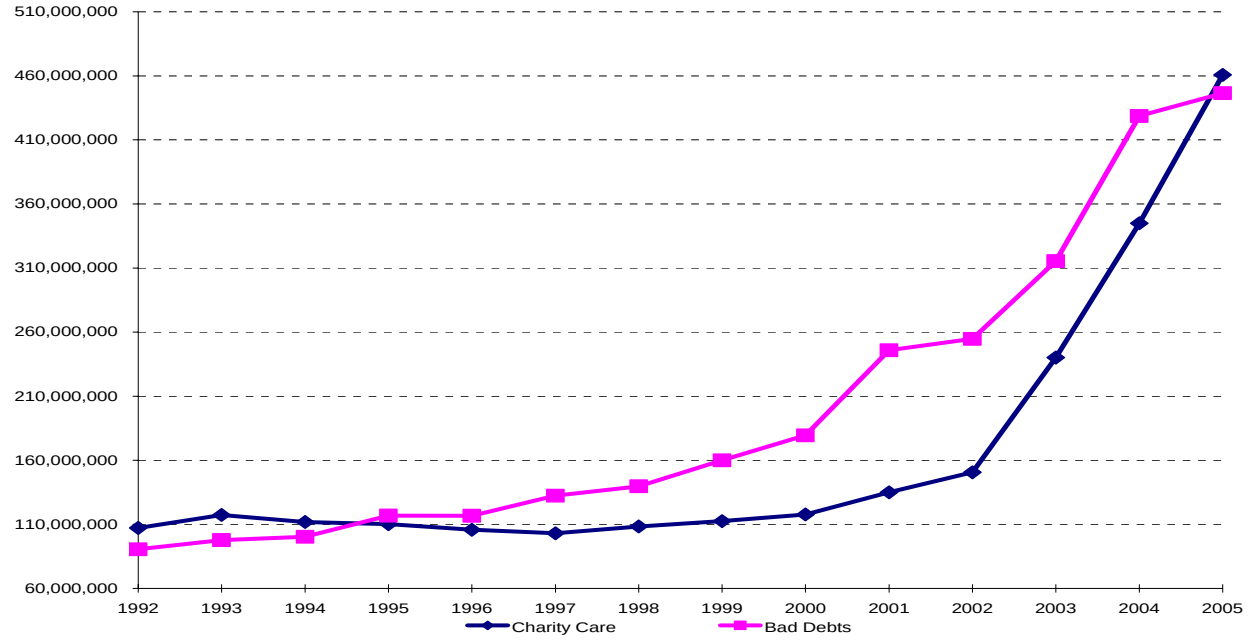
County	Charity	Bad Debt	Uncompensated = Charity + Bad Debt	Uncompensated / Poverty Population	County Poverty Percent
Mason	1,253,637	2,948,281	4,201,918	$ 653.59	12.20%
Okanogan	564,441	2,011,675	2,576,116	$ 346.53	18.80%
Pacific	673,003	1,085,327	1,758,330	$ 567.02	14.50%
Pend Oreille	371,723	616,837	988,560	$ 493.29	15.90%
Pierce	53,415,469	79,162,726	132,578,195	$ 1,521.60	11.80%
San Juan	No Hospital				8.40%
Skagit	6,518,192	8,405,818	14,924,010	$ 1,092.53	12.20%
Skamania	No Hospital				11.50%
Snohomish	39,019,671	29,519,325	68,538,996	$ 1,114.46	9.50%
Spokane	24,418,511	26,158,520	50,577,031	$ 882.95	13.30%
Stevens	734,555	1,582,844	2,317,399	$ 367.43	15.10%
Thurston	23,527,202	9,136,692	32,663,894	$ 1,532.87	9.40%
Wakiakum	No Hospital				9.80%
Walla Walla	3,954,702	3,352,224	7,306,926	$ 941.25	14.70%
Whatcom	9,266,567	4,233,817	13,500,384	$ 568.63	13.20%
Whitman	562,500	1,722,092	2,284,592	$ 387.55	16.60%
Yakima	14,906,173	9,046,316	23,952,489	$ 560.90	18.60%
Statewide	460,789,979	446,417,516	907,207,495	$ 1,268.44	11.60%

Bad Debt and Charity Care

As on page 5, bad debt occurs when patients are unwilling to settle their bills, rather than unable to do so. Uninsured or underinsured patients usually fall into bad debt, while indigent care typically is charity care. Taken together, bad debt and charity care provide a more complete picture of uncompensated care than either category alone.

Both charity care and bad debt have been increasing considerably in recent years. Both have roughly doubled since 2000. Bad debt has increased more than charity care and the gap between the two has tended to widen. These trends are shown in the chart on the following page:

Figure 3. Uncompensated Care in Washington State



Charity Care Projections for FY 2006

In accordance with state statute, hospitals submit a projected annual budget to DOH prior to the start of their fiscal year. Included in their budgets are projections for their anticipated total charges for charity care for the next fiscal year, in this case FY 2006 (see Appendix 3). Overall, hospitals project that charity care will increase 21.75 percent, or $87.6 million above their projected charity care for FY 2005 which is 6.45 percent above the actual FY 2005 charity care (see Table 6 below). Since FY 2001, actual charity care has exceeded the projected level.

Table 7. Summary Data of Actual and Projected Charges for Charity Care, Washington Hospitals, FY 2003 - 2006

All Hospitals	2003	2004	2005	2006
Projected Charity	$173,027,318	$251,252,986	$402,873,174	$490,493,753
% Change from Previous Year	14.95%	45.21%	60.35%	21.75%
Actual Charity	$218,716,343	$377,659,433	$460,789,978	
% Change from Previous Year	37.90%	72.67%	22.01%	

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2003-2005 and FY 2003-2006 Annual Budgets.*

How Hospitals Project Charity Care

Most hospitals' FY 2006 charity care projections were based on an analysis performed during their budget process. These analyses usually took into account the following factors:

- a hospital's historical fiscal years and its most recent year-to-date total number of patients and patient charges;
- planned price changes;
- projected volume changes;
- known usage factors (including the area's economy and demographics);
- hospital budget constraints; and
- a hospital's mission or statement to support the community.

How Hospitals Verify Need for Charity Care

Many hospitals state, as part of their missions, that they will serve the poor and underserved. Hospitals usually restrict their uncompensated health care programs to individuals unable to access entitlement programs such as Medicaid, unable to pay for medical obligations, or to those with limited financial resources.

These individuals generally include the recently unemployed, those employed but without employer-provided health insurance, those whose health insurance requires significant deductibles or co-payments, single parents, those recently or currently experiencing a divorce, transients or those without a permanent address, students, as well as their spouses and dependents, retired persons not yet eligible for Medicare, and the elderly who have limited or no Medicare supplemental insurance coverage.

As required by RCW 70.170.060(5), every hospital has a charity care policy on file with the Department of Health that states the hospital's procedure to determine and verify the income information supplied by persons applying for uncompensated health care services. The hospital's charity care policy must be consistently and equitably applied so that no patient is denied uncompensated health care based upon race, creed, color, sex, national origin, sexual orientation, disability, age, or source of income. The steps that hospitals generally use to determine eligibility or verify applicant information are summarized below.

Summary of Steps Generally Used by Washington Hospitals to Determine and Verify Applications for Charity Care

1. Hospital identifies any uninsured, underinsured, or self-pay patients.
2. Patient completes application/determination of eligibility form.
3. Patient completes financial statement that includes income, assets, and liabilities. Patient supplies documentation of resources (e.g., W-2, pay stubs, tax forms), and outstanding obligations (e.g., bank statements, loan documents).
4. Hospital considers federal poverty guidelines and family size.
5. Hospital verifies third-party coverage, if indicated.
6. Designated hospital staff person interviews patient to assess the patient's ability to pay in full, ability to pay reasonable monthly installments, and qualification for charity care.
7. Hospital attempts to secure federal, state, or local funding, if appropriate.
8. After the hospital makes an initial determination of insufficient funds, income, and health care benefits, the claim becomes eligible for final review, often by a committee composed of administrative, business office, social services, and nursing staff. Occasionally, hospital board members serve on these committees.

How Hospitals Notify the Public about Charity Care

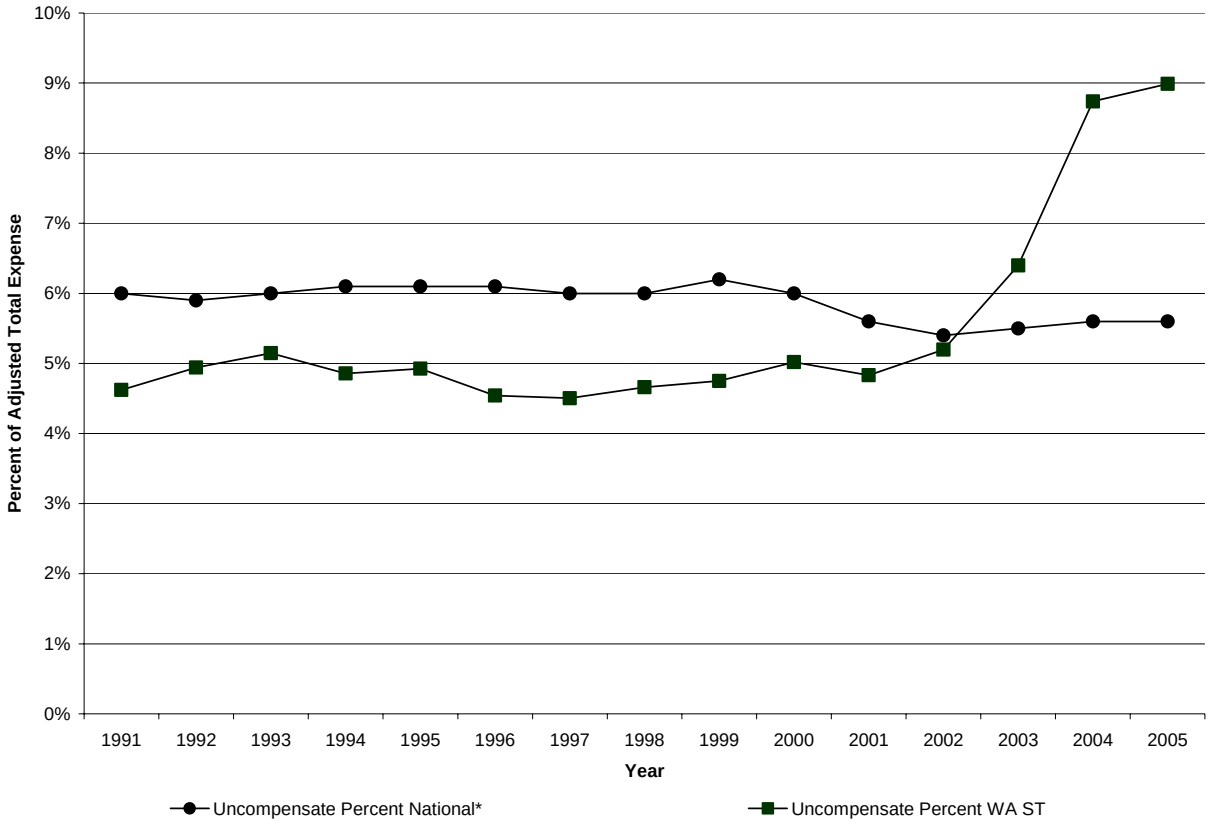
In general, hospitals provide information to their customers on charity care, as well as applications for assistance, at the time of registration, in their emergency rooms, and in fiscal services offices. These applications may also be included in a patient's admission packet or with itemized bills that are mailed to a patient after discharge from the hospital. Additionally, hospitals provide applications for assistance upon a patient's request. Many hospitals publish brochures or pamphlets describing the availability of charity care and identifying the criteria for qualification. Some hospitals offer individual counseling at the time of pre-admission or during the collection process and determine an individual's degree of financial resources. Signs may be posted — in English and in other languages commonly used in the hospital's service area — explaining available charity care services. These signs are usually located in the admitting and emergency entrance areas of the hospital. Hospitals also publish annual notices in local or area newspapers describing charity care programs.

The Future of Charity Care

Hospitals have historically included service to the poor and underserved as part of their mission. Charity care expenditures grew steadily from 1989, when hospital rate setting was eliminated, until 1993. From 1993 until 1997, that growth stabilized then declined. Charity care increased in 1998 for the first time in five years and continues to increase through 2005 as shown in the chart below. Charity care for 2005 continues increase (22.0 percent), but at a lesser rate than the record increase experienced in 2004 (72.7 percent). Preliminary figures indicate that charity care is on a record pace throughout 2006.

Total uncompensated care shows a similar pattern. It was fairly steady until 2003, when it increased sharply. Until then Washington hospitals' uncompensated care as a percent of their expenses tended a bit below the national average. Afterward, Washington hospitals exceeded the national figures by an increasingly large amount. As mentioned earlier, the reasons for this growth might be increased care, a change in accounting and reporting or public policy changes. The Washington and national rates are graphed below. Uncompensated care was used instead of Charity Care because national data on charity care is unavailable. The uncompensated care national information is from the American Hospital Association Uncompensated Hospital Care Cost Fact Sheet. The Washington State data was calculated using the same formula as the AHA report.

Figure 4. Uncompensated Care as Percent of Adjusted Total Expense



The Department of Health has had to rely on complaints from the public regarding charity care denials to ensure compliance with the charity care laws. Beginning in 2000, the Facilities and Services Licensing Division of the department began including the following specific steps during the annual on-site licensing survey to support the charity care mandates. (See Appendix 4 for actual text of charity care laws).

1. Monitor each hospital for compliance with RCW 70.170.060(3) regarding the required admissions policies, practices, and transfer activities.
2. Verify that a hospital's charity care policy required by both RCW 170.170.060(5) and WAC 246-453-070 is current and has been reported to the HPDS office.
3. Assure each hospital prominently displays a notice concerning the waiver/reduction of fees for persons meeting the WAC 246-453-020(2) criteria during the survey process.
4. Check to see that each hospital provides a written explanation of any waiver or reduction of fees provided when a person meets the criteria established in WAC 246-453-020(2).
5. Verify that each hospital requiring an application process for determining eligibility for charity care complies with WAC 246-453-020(5).
6. Substantiate that each hospital complies with WAC 246-453-060 regarding the provision of true emergency care.

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Appendices

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Appendix 1

Total Revenue, Adjusted Revenue, and Amount of Charity Care as a Percent of Total Revenue and Adjusted Revenue for Washington Hospitals with Fiscal Years Ending During Calendar Year 2005

		Revenue Categories Dollars)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	KING COUNTY (N=20)							
183	Auburn Regional Medical Center	182,341,573	57,983,763	14,731,635	109,626,175	1,085,226	0.60%	0.99%
904	BHC Fairfax Hospital	46,714,484	5,456,461	19,889,989	21,368,034	833,114	1.78%	3.90%
14	Children's Hospital & Medical Center	544,255,891	7,500,247	210,511,259	326,244,385	7,495,603	1.38%	2.30%
35	Enumclaw Community Hospital	29,598,813	9,867,962	4,050,306	15,680,545	272,571	0.92%	1.74%
164	Evergreen Hospital Medical Center	421,021,795	127,304,432	32,711,332	261,006,031	6,885,415	1.64%	2.64%
29	Harborview Medical Center	851,129,000	206,466,000	249,907,000	394,756,000	98,243,000	11.54%	24.89%
126	Highline Community Hospital	354,612,288	128,300,883	64,781,026	161,530,379	6,654,998	1.88%	4.12%
148	Kindred Hospital Seattle[1]	33,191,276	18,432,177	3,075,875	11,683,224	0	0.00%	0.00%
130	Northwest Hospital	368,012,995	172,359,192	18,997,290	176,656,513	2,850,807	0.77%	1.61%
131	Overlake Hospital Medical Center	510,748,873	183,871,308	16,980,104	309,897,461	3,600,859	0.71%	1.16%
202	Regional Hospital for Resp/Complex Care	29,517,450	21,108,076	1,569,329	6,840,045	306,326	1.04%	4.48%
201	Saint Francis Community Hospital	333,904,526	81,791,738	46,811,971	205,300,817	9,634,814	2.89%	4.69%
204	Seattle Cancer Care Alliance	211,080,312	45,281,301	20,212,387	145,586,624	2,020,060	0.96%	1.39%
195	Snoqualmie Valley Hospital	7,651,210	4,738,332	379,548	2,533,330	33,202	0.43%	1.31%
1	Swedish Hospital Medical Center	1,744,363,841	584,293,073	187,756,120	972,314,648	23,087,910	1.32%	2.37%
3	Swedish Providence Medical Center	489,380,434	222,286,375	61,971,803	205,122,256	9,763,471	2.00%	4.76%
128	University of Washington Medical Center	880,119,652	231,117,951	139,922,991	509,078,710	14,932,682	1.70%	2.93%
155	Valley Medical Center - Renton	509,910,577	158,034,199	64,397,603	287,478,775	14,172,017	2.78%	4.93%
10	Virginia Mason Medical Center	1,041,053,920	396,017,393	35,746,861	609,289,666	9,879,932	0.95%	1.62%
919	West Seattle Psychiatric Hospital	8,576,911	4,010,091	3,734,904	831,916	178,200	2.08%	21.42%
	King County Totals	8,597,185,821	2,666,220,954	1,198,139,333	4,732,825,534	211,930,207	2.47%	4.48%
	PUGET SOUND REGION (Less King Co.) (N=19)							
106	Cascade Valley Hospital	63,138,676	19,530,310	10,252,019	33,356,347	557,997	0.88%	1.67%
54	Forks Community Hospital	19,284,933	4,397,010	7,704,070	7,183,853	224,916	1.17%	3.13%
81	Good Samaritan Hospital	381,948,597	152,920,532	49,432,356	179,595,709	7,592,284	1.99%	4.23%
142	Harrison Memorial Hospital	316,867,011	154,178,908	35,891,924	126,796,179	4,429,302	1.40%	3.49%
134	Island Hospital	95,266,036	47,053,183	6,160,898	42,051,955	1,126,461	1.18%	2.68%
85	Jefferson General Hospital	57,929,535	27,221,454	6,561,904	24,146,177	1,507,469	2.60%	6.24%
175	Mary Bridge Children's Health Center	257,646,119	128,823	139,695,726	117,821,570	1,217,072	0.47%	1.03%
38	Olympic Memorial Hospital	136,487,590	66,983,202	12,500,474	57,003,914	1,395,456	1.02%	2.45%
84	Providence General Medical Center	1,026,153,280	417,508,317	134,779,456	473,865,507	31,811,074	3.10%	6.71%
920	Puget Sound Behavioral Health	21,156,234	6,286,681	11,597,393	3,272,160	148,461	0.70%	4.54%
132	Saint Clare Hospital	272,020,993	92,560,652	44,200,006	135,260,335	8,928,033	3.28%	6.60%
145	Saint Joseph Hospital - Bellingham	375,471,186	176,561,315	48,544,682	150,365,189	9,266,567	2.47%	6.16%
32	Saint Joseph Medical Center - Tacoma	1,030,761,327	377,505,015	153,702,993	499,553,319	16,917,321	1.64%	3.39%
207	Skagit Valley Hospital	208,153,629	76,429,038	33,080,422	98,644,169	4,303,447	2.07%	4.36%
138	Stevens Healthcare	283,869,628	106,938,201	34,737,357	142,194,070	4,220,740	1.49%	2.97%
176	Tacoma General Allenmore Hospital	1,135,429,939	398,876,538	216,185,860	520,367,541	18,612,298	1.64%	3.58%
206	United General Hospital	63,419,515	26,819,370	8,491,120	28,109,025	1,088,284	1.72%	3.87%
104	Valley General Hospital - Monroe	60,440,319	18,564,925	8,023,206	33,852,188	2,429,860	4.02%	7.18%
156	Whidbey General Hospital	85,885,599	41,429,611	7,146,535	37,309,453	542,136	0.63%	1.45%
	Puget Sound Region Totals	5,891,330,146	2,211,893,085	968,688,401	2,710,748,660	116,319,178	1.97%	4.29%

Lic #	Region/Hospital	Revenue Categories Dollars) Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Charity Care Percent of Total Revenue	Charity Care Percent of Adj Revenue
	SOUTHWEST WASHINGTON REGION (N=13)							
197	Capital Medical Center	146,782,288	52,739,005	11,133,028	82,910,255	578,034	0.39%	0.70%
63	Grays Harbor Community Hospital	156,840,806	70,367,730	25,211,491	61,261,585	1,930,580	1.23%	3.15%
8	Klickitat Valley Hospital	16,139,928	5,360,937	4,448,403	6,330,588	78,815	0.49%	1.24%
186	Mark Reed Hospital	7,960,785	2,228,441	1,929,087	3,803,257	208,228	2.62%	5.47%
152	Mason General Hospital	97,208,819	40,473,569	18,649,998	38,085,252	1,253,637	1.29%	3.29%
173	Morton General Hospital	15,091,860	5,341,854	3,806,785	5,943,221	146,155	0.97%	2.46%
79	Ocean Beach Hospital	24,161,040	12,508,516	3,220,839	8,431,685	599,047	2.48%	7.10%
26	PeaceHealth Saint John Medical Center	303,249,413	130,591,577	56,386,389	116,271,447	8,307,987	2.74%	7.15%
191	Providence Centralia Hospital	189,813,065	85,468,016	36,374,504	67,970,545	14,550,041	7.67%	21.41%
159	Providence Saint Peter Hospital	742,928,836	336,078,256	88,154,413	318,696,167	22,949,168	3.09%	7.20%
96	Skyline Hospital	16,107,266	6,355,058	3,478,602	6,273,606	109,867	0.68%	1.75%
170	Southwest Medical Center	746,370,303	246,868,326	115,269,043	384,232,934	15,390,405	2.06%	4.01%
56	Willapa Harbor Hospital	11,448,881	5,965,697	1,500,484	3,982,700	73,956	0.65%	1.86%
	Southwest Wash Region Totals	2,474,103,290	1,000,346,982	369,563,066	1,104,193,242	66,175,920	2.67%	5.99%
	CENTRAL WASHINGTON REGION (N=21)							
158	Cascade Medical Center	6,707,382	3,175,590	81,096	3,450,696	33,889	0.51%	0.98%
168	Central Washington Hospital	240,145,604	116,719,466	37,596,169	85,829,969	3,248,927	1.35%	3.79%
45	Columbia Basin Hospital	10,888,045	3,478,825	3,601,392	3,807,828	52,341	0.48%	1.37%
150	Coulee Community Hospital	12,508,124	4,194,492	3,129,613	5,184,019	105,378	0.84%	2.03%
161	Kadlec Medical Center	336,430,403	129,492,885	46,976,343	159,961,175	8,792,402	2.61%	5.50%
39	Kennewick General Hospital	166,936,286	52,058,860	33,997,399	80,880,027	1,455,335	0.87%	1.80%
140	Kittitas Valley Hospital	46,679,366	16,238,774	5,989,281	24,451,311	806,196	1.73%	3.30%
165	Lake Chelan Community Hospital	19,854,187	6,983,806	3,040,727	9,829,654	120,646	0.61%	1.23%
915	Lourdes Counseling Center	24,925,773	4,012,995	13,050,252	7,862,526	330,248	1.32%	4.20%
22	Lourdes Medical Center	112,356,004	37,892,668	27,831,846	46,631,490	1,696,751	1.51%	3.64%
147	Mid Valley Hospital	32,467,462	12,877,706	7,991,309	11,598,447	291,296	0.90%	2.51%
107	North Valley Hospital	16,094,854	5,403,975	5,674,065	5,016,814	44,513	0.28%	0.89%
23	Okanogan-Douglas Hospital	15,977,284	6,279,426	2,555,690	7,142,168	228,632	1.43%	3.20%
46	Prosser Memorial Hospital	28,649,978	7,561,695	9,577,424	11,510,859	350,255	1.22%	3.04%
129	Quincy Valley Hospital	9,141,447	2,589,526	2,063,630	4,488,291	99,078	1.08%	2.21%
78	Samaritan Hospital	88,704,171	30,859,780	22,894,261	34,950,130	1,694,597	1.91%	4.85%
198	Sunnyside Community Hospital	41,948,992	11,401,354	15,782,051	14,765,587	722,037	1.72%	4.89%
199	Toppenish Community Hospital	48,766,115	9,405,520	17,685,065	21,675,530	979,526	2.01%	4.52%
205	Wenatchee Valley Hospital	61,904,021	20,491,705	4,649,241	36,763,075	660,231	1.07%	1.80%
102	Yakima Regional Medical Center	243,771,501	114,935,231	32,958,643	95,877,627	8,205,425	3.37%	8.56%
58	Yakima Valley Memorial Hospital	347,796,041	131,967,311	64,788,291	151,040,439	4,999,185	1.44%	3.31%
	Central Wash Region Totals	1,912,653,040	728,021,590	361,913,788	822,717,662	34,916,888	1.83%	4.24%

		Revenue Categories Dollars)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	EASTERN WASHINGTON REGION (N=21)							
141	Dayton General Hospital	6,909,499	2,478,208	2,103,320	2,327,971	33,226	0.48%	1.43%
37	Deaconess Medical Center	436,193,280	171,609,958	85,011,453	179,571,869	3,169,286	0.73%	1.76%
178	Deer Park Health Center & Hospital	9,697,761	3,864,989	2,681,955	3,150,817	182,452	1.88%	5.79%
111	East Adams Rural Hospital	4,517,445	2,232,223	302,582	1,982,640	6,233	0.14%	0.31%
167	Ferry County Memorial Hospital	8,023,678	2,845,683	2,369,071	2,808,924	32,967	0.41%	1.17%
82	Garfield County Memorial Hospital	4,460,311	1,476,165	1,482,321	1,501,825	39,789	0.89%	2.65%
139	Holy Family Hospital	266,557,538	114,763,509	52,309,686	99,484,343	5,503,638	2.06%	5.53%
137	Lincoln Hospital	21,038,549	7,620,602	4,693,150	8,724,797	322,310	1.53%	3.69%
193	Mount Carmel Hospital	41,684,666	18,073,546	7,452,280	16,158,840	338,871	0.81%	2.10%
21	Newport Community Hospital	21,037,517	6,724,413	6,697,317	7,615,787	371,723	1.77%	4.88%
80	Odessa Memorial Hospital	3,681,672	1,047,823	1,463,480	1,170,369	43,343	1.18%	3.70%
125	Othello Community Hospital	22,341,743	4,106,530	9,256,035	8,979,178	474,672	2.12%	5.29%
172	Pullman Memorial Hospital	45,169,374	13,463,098	2,808,274	28,898,002	437,362	0.97%	1.51%
162	Sacred Heart Medical Center	904,091,503	391,649,041	168,500,939	343,941,523	14,527,167	1.61%	4.22%
194	Saint Joseph's Hospital of Chewelah	22,877,601	9,593,715	6,754,960	6,528,926	395,684	1.73%	6.06%
157	Saint Luke's Rehabilitation Institute	36,761,688	23,244,612	4,018,283	9,498,793	35,688	0.10%	0.38%
50	Saint Mary Medical Center	173,231,077	82,240,136	18,649,830	72,341,111	2,667,772	1.54%	3.69%
108	Tri-State Memorial Hospital	54,050,254	35,405,252	4,184,390	14,460,612	453,255	0.84%	3.13%
180	Valley Hospital and Medical Center	120,625,363	45,974,336	17,808,192	56,842,835	1,000,280	0.83%	1.76%
43	Walla Walla General Hospital	73,273,859	35,060,305	8,901,431	29,312,123	1,286,930	1.76%	4.39%
153	Whitman Community Hospital	24,550,707	11,695,022	2,557,895	10,297,790	125,138	0.51%	1.22%
	Eastern Wash Region Totals	2,300,775,085	985,169,166	410,006,844	905,599,075	31,447,786	1.37%	3.47%
	STATEWIDE TOTALS (N=94)	21,176,047,382	7,591,651,777	3,308,311,432	10,276,084,173	460,789,979	2.18%	4.48%

Source: *Washington State Department of Health, Hospital Year-end Reports, FY 2005.*

[1] Kindred Hospital verified no Charity care was provided. In a recent Certificate of Need process Kindred agreed to make reasonable efforts to meet the regional average.

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Appendix 2

Rural Definitions

"**Rural**" means geographic areas outside the boundaries of Metropolitan Statistical Areas. Three general types of rural areas reflect the relative isolation from principal health care delivery sites experienced by the resident population and include:

1. "**small town/isolated rural,**" which are areas with a population less than 10,000;

2. "**rural urban fringe,**" which are areas not urbanized but 30% of the population commute to an urban area; and

3. "**large town,**" which are rural areas with a population between 10,000 and 50,000.

Source: ***Washington State*** *Department of Health.*

Appendix 2

Total Revenue, Adjusted Revenue, and Amount of Charity Care as a Percent of Total Revenue and Adjusted Revenue for Rural Washington Hospitals with Fiscal Years Ending During Calendar Year 2005, Washington State

		Revenue Categories (Dollars)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	RURAL URBAN FRINGE (N=5)							
106	Dayton General Hospital	63,138,676	2,475,065	2,099,500	2,122,731	55,103	0.82%	2.60%
178	Ferry County Memorial Hospital	7,753,700	3,272,633	2,204,690	2,276,377	24,695	0.32%	1.08%
186	Garfield County Memorial Hospital	3,985,980	988,315	1,715,925	1,281,740	8,753	0.22%	0.68%
21	Lincoln Hospital	19,251,314	7,425,761	4,637,486	7,188,067	144,448	0.75%	2.01%
195	Mid Valley Hospital	30,306,124	10,811,587	7,104,841	12,389,696	224,870	0.74%	1.81%
	TOTAL RURAL URBAN FRINGE	101,010,013	36,155,224	26,763,528	38,091,261	742,804	0.74%	1.95%
	SMALL TOWN/ISOLATED RURAL(N=25)							
158	Cascade Medical Center	6,707,382	3,175,590	81,096	3,450,696	33,889	0.51%	0.98%
45	Columbia Basin Hospital	10,888,045	3,478,825	3,601,392	3,807,828	52,341	0.48%	1.37%
150	Coulee Community Hospital	12,508,124	4,194,492	3,129,613	5,184,019	105,378	0.84%	2.03%
141	Dayton General Hospital	6,909,499	2,478,208	2,103,320	2,327,971	33,226	0.48%	1.43%
111	East Adams Rural Hospital	4,517,445	2,232,223	302,582	1,982,640	6,233	0.14%	0.31%
167	Ferry County Memorial Hospital	8,023,678	2,845,683	2,369,071	2,808,924	32,967	0.41%	1.17%
54	Forks Community Hospital	19,284,933	4,397,010	7,704,070	7,183,853	224,916	1.17%	3.13%
82	Garfield County Memorial Hospital	4,460,311	1,476,165	1,482,321	1,501,825	39,789	0.89%	2.65%
85	Jefferson General Hospital	57,929,535	27,221,454	6,561,904	24,146,177	1,507,469	2.60%	6.24%
8	Klickitat Valley Hospital	16,139,928	5,360,937	4,448,403	6,330,588	78,815	0.49%	1.24%
165	Lake Chelan Community Hospital	19,854,187	6,983,806	3,040,727	9,829,654	120,646	0.61%	1.23%
137	Lincoln Hospital	21,038,549	7,620,602	4,693,150	8,724,797	322,310	1.53%	3.69%
147	Mid Valley Hospital	32,467,462	12,877,706	7,991,309	11,598,447	291,296	0.90%	2.51%
173	Morton General Hospital	15,091,860	5,341,854	3,806,785	5,943,221	146,155	0.97%	2.46%
193	Mount Carmel Hospital	41,684,666	18,073,546	7,452,280	16,158,840	338,871	0.81%	2.10%
107	North Valley Hospital	16,094,854	5,403,975	5,674,065	5,016,814	44,513	0.28%	0.89%
79	Ocean Beach Hospital	24,161,040	12,508,516	3,220,839	8,431,685	599,047	2.48%	7.10%
80	Odessa Memorial Hospital	3,681,672	1,047,823	1,463,480	1,170,369	43,343	1.18%	3.70%
23	Okanogan Douglas Hospital	15,977,284	6,279,426	2,555,690	7,142,168	228,632	1.43%	3.20%
125	Othello Community Hospital	22,341,743	4,106,530	9,256,035	8,979,178	474,672	2.12%	5.29%
46	Prosser Memorial Hospital	28,649,978	7,561,695	9,577,424	11,510,859	350,255	1.22%	3.04%
129	Quincy Valley Hospital	9,141,447	2,589,526	2,063,630	4,488,291	99,078	1.08%	2.21%
194	Saint Joseph's Hospital of Chewelah	22,877,601	9,593,715	6,754,960	6,528,926	395,684	1.73%	6.06%
153	Whitman Community Hospital	24,550,707	11,695,022	2,557,895	10,297,790	125,138	0.51%	1.22%
56	Willipa Harbor Hospital	11,448,881	5,965,697	1,500,484	3,982,700	73,956	0.65%	1.86%
	TOTAL SMALL TOWN.ISOLATED RURAL	456,430,811	174,510,026	103,392,525	178,528,260	5,768,619	1.26%	3.23%

Lic #	Region/Hospital	Revenue Categories (Dollars) Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	LARGE TOWN (N=14)							
63	Grays Harbor Community Hospital	156,840,806	70,367,730	25,211,491	61,261,585	1,930,580	1.23%	3.15%
134	Island Hospital	95,266,036	47,053,183	6,160,898	42,051,955	1,126,461	1.18%	2.68%
140	Kittitas Valley Hospital	46,679,366	16,238,774	5,989,281	24,451,311	806,196	1.73%	3.30%
152	Mason General Hospital	97,208,819	40,473,569	18,649,998	38,085,252	1,253,637	1.29%	3.29%
38	Olympic Memorial Hospital	136,487,590	66,983,202	12,500,474	57,003,914	1,395,456	1.02%	2.45%
191	Providence Centralia Hospital	189,813,065	85,468,016	36,374,504	67,970,545	14,550,041	7.67%	21.41%
172	Pullman Memorial Hospital	45,169,374	13,463,098	2,808,274	28,898,002	437,362	0.97%	1.51%
50	Saint Mary Medical Center	173,231,077	82,240,136	18,649,830	72,341,111	2,667,772	1.54%	3.69%
78	Samaritan Hospital	88,704,171	30,859,780	22,894,261	34,950,130	1,694,597	1.91%	4.85%
96	Skyline Hospital	16,107,266	6,355,058	3,478,602	6,273,606	109,867	0.68%	1.75%
198	Sunnyside Community Hospital	41,948,992	11,401,354	15,782,051	14,765,587	722,037	1.72%	4.89%
199	Toppenish Community Hospital	48,766,115	9,405,520	17,685,065	21,675,530	979,526	2.01%	4.52%
43	Walla Walla General Hospital	73,273,859	35,060,305	8,901,431	29,312,123	1,286,930	1.76%	4.39%
156	Whidbey General Hospital	85,885,599	41,429,611	7,146,535	37,309,453	542,136	0.63%	1.45%
	TOTAL LARGE TOWN	1,295,382,135	556,799,336	202,232,695	536,350,104	29,502,598	2.28%	5.50%
	RURAL HOSPITAL TOTAL (N=44)	1,861,298,895	768,395,847	327,565,146	765,337,902	36,624,819	1.97%	4.79%

Source: *Washington State Department of Health, Hospital Year-end Reports, FY 2005.*

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Appendix 3

Charity Care Provided and Estimated, FY 2005 – 2006

Lic #	Hospital	City	2005 Actual	2006 Estimated
183	Auburn Regional Medical Center	Auburn	$ 1,085,226	$ 1,339,115
197	Capital Medical Center	Olympia	833,114	819,810
158	Cascade Medical Center	Leavenworth	578,034	531,452
106	Cascade Valley Hospital	Arlington	33,889	40,360
168	Central Washington Hospital	Wenatchee	557,997	561,687
14	Children's Hospital & Regional Med Center	Seattle	3,248,927	3,505,039
45	Columbia Basin Hospital	Ephrata	7,495,603	7,036,000
150	Coulee Community Hospital	Grand Coulee	52,341	45,000
141	Dayton General Hospital	Dayton	105,378	14,284
37	Deaconess Medical Center	Spokane	33,226	33,702
178	Deer Park Health Center & Hospital	Deer Park	3,169,286	2,848,218
111	East Adams Rural Hospital	Ritzville	182,452	180,000
35	Enumclaw Community Hospital	Enumclaw	6,233	10,000
164	Evergreen Hospital Medical Center	Kirkland	272,571	244,140
904	Fairfax Hospital	Kirkland	6,885,415	6,875,819
167	Ferry County Memorial Hospital	Republic	32,967	50,000
54	Forks Community Hospital	Forks	224,916	204,626
82	Garfield County Memorial Hospital	Pomeroy	39,789	77,110
81	Good Samaritan Hospital	Puyallup	7,592,284	7,786,766
63	Grays Harbor Community Hospital	Aberdeen	1,930,580	1,600,000
29	Harborview Medical Center	Seattle	98,243,000	118,400,000
142	Harrison Memorial Hospital	Bremerton	4,429,302	7,833,696
126	Highline Community Hospital	Seattle	6,654,998	4,982,488
139	Holy Family Hospital	Spokane	5,503,637	6,006,000
134	Island Hospital	Anacortes	1,126,461	1,385,120
85	Jefferson General Hospital	Port Townsend	1,507,469	1,806,500
161	Kadlec Medical Center	Richland	8,792,402	9,059,063
39	Kennewick General Hospital	Kennewick	1,455,335	2,628,333
148	Kindred Hospital Seattle1	Seattle	0	0
140	Kittitas Valley Hospital	Ellensburg	806,196	867,704
8	Klickitat Valley Hosp	Goldendale	78,815	44,982
165	Lake Chelan Community Hospital	Chelan	120,646	136,007
137	Lincoln Hospital	Davenport	322,310	319,236
915	Lourdes Counseling Center	Richland	330,248	348,174
22	Lourdes Medical Center	Pasco	1,696,751	3,435,647
186	Mark Reed Mem Hospital	McCleary	208,228	212,621
175	Mary Bridge Children's Health Center	Tacoma	1,217,072	870,406
152	Mason General Hospital	Shelton	1,253,637	1,041,122
147	Mid-Valley Hospital	Omak	291,296	252,973
173	Morton General Hospital	Morton	146,156	134,048
193	Mount Carmel Hospital	Colville	338,871	608,000
21	Newport Community Hospital	Newport	371,722	372,199
107	North Valley Hospital	Tonasket	44,513	99,388
130	Northwest Hospital	Seattle	2,850,807	3,354,808
79	Ocean Beach Hospital	Ilwaco	599,047	780,995
80	Odessa Memorial Hospital	Odessa	43,343	18,012
23	Okanogan-Douglas Hospital	Brewster	228,632	239,657
38	Olympic Memorial Hospital	Port Angeles	1,395,456	1,913,322
125	Othello Community Hospital	Othello	474,672	500,000
131	Overlake Hospital Medical Center	Bellevue	3,600,859	5,836,282
Lic #		City	2005	2006

	Hospital		Actual	Estimated
26	PeaceHealth Saint John Medical Center	Longview	$ 8,307,987	$ 6,782,141
46	Prosser Memorial Hospital	Prosser	350,255	778,540
191	Providence Centralia Hospital	Centralia	14,550,041	15,731,960
84	Providence General Medical Center	Everett	31,811,074	31,274,730
159	Providence Saint Peter Hospital	Olympia	22,949,168	21,965,949
182	Puget Sound Behavioral Health	Tacoma	148,461	121,300
172	Pullman Memorial Hospital	Pullman	437,362	428,209
129	Quincy Valley Hospital	Quincy	99,078	151,516
202	Regional Hosp for Respiratory Care	Seattle	306,326	100,000
162	Sacred Heart Medical Center	Spokane	14,527,167	13,195,000
132	Saint Clare Hospital	Tacoma	8,928,033	8,332,000
201	Saint Francis Community Hospital	Federal Way	9,634,814	9,027,000
145	Saint Joseph Hospital	Bellingham	9,266,567	9,474,355
32	Saint Joseph Medical Center	Tacoma	16,917,321	14,407,000
194	Saint Joseph's Hospital	Chewelah	395,684	401,000
157	Saint Luke's Rehabilitation Institute	Spokane	35,688	101,731
50	Saint Mary Medical Center	Walla Walla	2,667,772	2,180,000
78	Samaritan Hospital	Moses Lake	1,694,597	1,810,970
204	Seattle Cancer Care Alliance	Seattle	2,020,060	2,187,000
207	Skagit Valley Hospital	Mount Vernon	4,303,447	5,121,879
93	Skyline Hospital	White Salmon	109,867	137,504
195	Snoqualmie Valley Hospital	Snoqualmie	33,202	67,602
170	Southwest Wash Medical Center	Vancouver	15,390,405	15,845,000
138	Stevens Healthcare	Edmonds	4,220,740	4,500,000
198	Sunnyside Community Hospital	Sunnyside	722,037	905,218
1	Swedish Hosp Medical Center	Seattle	23,087,910	23,883,000
3	Swedish Providence Medical Center	Seattle	9,763,471	11,695,000
176	Tacoma General Allenmore Hospital	Tacoma	18,612,298	16,162,248
199	Toppenish Community Hospital	Toppenish	979,526	991,145
108	Tri-State Memorial Hospital	Clarkston	453,255	721,400
206	United General Hospital	Sedro Woolley	1,088,284	1,124,283
128	University of Washington Medical Center	Seattle	14,932,682	17,310,538
104	Valley General Hospital	Monroe	2,429,860	1,631,644
180	Valley Hospital Medical Center	Spokane	1,000,280	807,720
155	Valley Medical Center	Renton	14,172,017	14,780,448
10	Virginia Mason Medical Center	Seattle	9,879,932	9,143,480
43	Walla Walla General Hospital	Walla Walla	1,286,930	1,761,110
205	Wenatchee Valley Hospital	Wenatchee	660,231	701,124
919	West Seattle Psychiatric Hospital	Seattle	178,200	6,461
156	Whidbey General Hospital	Coupeville	542,136	795,274
153	Whitman Community Hospital	Colfax	125,138	139,978
56	Willapa Harbor Hospital	South Bend	73,956	120,000
102	Yakima Regional Medical Center	Yakima	8,205,425	9,198,127
58	Yakima Valley Memorial Hospital	Yakima	4,999,185	7,203,258
	STATEWIDE TOTALS		$ 460,789,978	$ 490,493,753

Source: *Washington State, Department of Health, Hospital Financial Data Year-end Reports, FY 2005 and FY 2006 Annual Budgets.*

[1] Kindred Hospital verified no Charity care was provided. In a recent Certificate of Need process Kindred agreed to make reasonable efforts to meet the regional average.

Appendix 4

Charity Care Laws

RCW 70.170.020 Definitions. As used in this chapter:

(1) "Department" means department of health.

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW.

(3) "Secretary" means secretary of health.

(4) "Charity care" means necessary hospital health care rendered to indigent persons, to the extent that the persons are unable to pay for the care or to pay deductibles or co-insurance amounts required by a third-party payer, as determined by the department.

(5) "Sliding fee schedule" means a hospital-determined, publicly available schedule of discounts to charges for persons deemed eligible for charity care; such schedules shall be established after consideration of guidelines developed by the department.

(6) "Special studies" means studies which have not been funded through the department's biennial or other legislative appropriations. [1995 c 269 § 2203; 1989 1st ex.s. c 9 § 502.]

NOTES:

Effective date--1995 c 269: See note following RCW 9.94A.040.

Part headings not law--Severability--1995 c 269: See notes following RCW 13.40.005.

RCW 70.170.060 Charity care--Prohibited and required hospital practices and policies--Rules--Department to monitor and report. (1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:

(a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;

(b) A significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or

(c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.

(2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital, which maintains an emergency department, shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.

(3) The department shall develop definitions by rule, as appropriate, for subsection (1) of this section and, with reference to federal requirements, subsection (2) of this section. The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency.

(4) The department shall establish and maintain by rule, consistent with the definition of charity care in RCW 70.170.020, the following:

(a) Uniform procedures, data requirements, and criteria for identifying patients receiving charity care;

(b) A definition of residual bad debt including reasonable and uniform standards for collection procedures to be used in efforts to collect the unpaid portions of hospital charges that are the patient's responsibility.

(5) For the purpose of providing charity care, each hospital shall develop, implement, and maintain a charity care policy which, consistent with subsection (1) of this section, shall enable people below the federal poverty level access to appropriate hospital based medical services, and a sliding fee schedule for determination of discounts from charges for persons who qualify for such discounts by January 1, 1990. The department shall develop specific guidelines to assist hospitals in setting sliding fee schedules required by this section. All persons with family income below one hundred percent of the federal poverty standard shall be deemed charity care patients for the full amount- of hospital charges, provided that such persons are not eligible for other private or public health coverage sponsorship. Persons who may be eligible for charity care shall be notified by the hospital.

(6) Each hospital shall make every reasonable effort to determine the existence or nonexistence of private or public sponsorship which might cover in full or part the charges for care rendered by the hospital to a patient; the family income of the patient as classified under federal poverty income guidelines; and the eligibility of the patient for charity care as defined in this chapter and in accordance with hospital policy. An initial determination of sponsorship status shall precede collection efforts directed at the patient.

(7) The department shall monitor the distribution of charity care among hospitals, with reference to factors such as relative need for charity care in hospital service areas and trends in private and public health coverage. The department shall report to the legislature and executive any problems in distribution which are in contradiction of the intent of this chapter. The report shall include an assessment of the effects of the provisions of this chapter on access to hospital and health care services, as well as an evaluation of the contribution of all purchasers of care to hospital charity care.

(8) The department shall issue a report on the subjects addressed in this section at least annually, with the first report due on July 1, 1990. [1989 lst ex. s. c 9 § 506.]

Hospital Charity Care Rules

Last Update: 6/l/94

WAC 246-453-001 Purpose. This chapter is adopted by the Washington state department of health to implement the provisions of chapter 70.170 RCW. These sections relate to hospital policies for charity care, bad debt and emergency medical care, including admission practices, the compilation and measurement of the level of charity care services provided by each hospital, and penalties for violation of these provisions.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-001, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-001, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as §246-453,-001, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 26114-010, filed 12/7/84.]

WAC 246-453-010 Definitions. As used in this chapter, unless the context requires otherwise,

(1) "Department" means the Washington state department of health created by chapter 43.70 RCW;

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW;

(3) "Manual" means the *Washington State Department of Health Accounting and Reporting Manual for Hospitals,* adopted under WAC 246-454-020;

(4) "Indigent persons" means those patients who have exhausted any third-party sources, including Medicare and Medicaid, and whose income is equal to or below 200% of the federal poverty standards, adjusted for family size or is otherwise not sufficient to enable them to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payor;

(5) "Charity care" means appropriate hospital-based medical services provided to indigent persons, as defined in this section;

(6) "Bad debts" means uncollectible amounts, excluding contractual adjustments, arising from failure to pay by patients whose care has not been classified as charity care;

(7) "Appropriate hospital-based medical services" means those hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all;

(8) "Medical staff" means physicians, dentists, nurses, and other professional individuals who have admitting privileges to the hospital, and may also participate as members of the medical staff committees, serve as officers of the medical staff, and serve as directors or chiefs of hospital departments;

(9) "Third-party coverage" and "third-party sponsorship" means an obligation on the part of an insurance company or governmental program which contracts with hospitals and patients to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received patient has received hospital services;

(10) "Unusually costly or prolonged treatment" means those services or combinations of services which exceed two standard deviations above the average charge, and/or three standard deviations above the average length of stay, as determined by the department's discharge data base;

(11) "Emergency care or emergency services" means services provided for care related to an emergency medical or mental condition;

(12) "Emergency department" and "emergency room" means that portion of the hospital facility organized for the purpose of providing emergency care or emergency services;

(13) "Emergency medical condition" means a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, such that the absence of immediate medical attention could reasonably be expected to result in:

(a) Placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy;

(b) Serious impairment of bodily functions;

(c) Serious dysfunction of any bodily organ or part. With respect to a pregnant woman who is having contractions the term shall mean:

(d) That there is inadequate time to effect a safe transfer to another hospital before delivery; or

(e) That transfer may pose a threat to the health or safety of the woman or the unborn child;

(14) "Responsible party" means that individual who is responsible for the payment of any hospital charges which are not subject to third-party sponsorship;

(15) "Limited medical resources" means the nonavailability of services or medical expertise which are required or are expected to be required for the appropriate diagnosis, treatment, or stabilization per federal requirements of an individual's medical or mental situation;

(16) "Publicly available" means posted or prominently displayed within public areas of the hospital, and provided to the individual in writing and explained, at the time that the hospital requests information from the responsible party with regard to the availability of any third-party coverage, in any language spoken by more than ten percent of the population in the hospitals service area, and interpreted for other non-English speaking or limited English speaking or other patients who can not read or understand the writing and explanation;

(17) "Income" means total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, Strike benefits, unemployment or disability benefits, child Support, alimony, and net earnings from business and investment activities paid to the individual;

(18) "Family" means a group of two or more persons related by birth, marriage, or adoption who live together; all such related persons are considered as members of one family;

(19) "Initial determination of sponsorship status" means an indication, pending verification, that the services provided by the hospital may or may not be covered by third party sponsorship, or an indication from the responsible party, pending verification, that he or she may meet the criteria for designation as an indigent person qualifying for charity care; and

(20) "Final determination of sponsorship status" means the verification of third party coverage or lack of third party coverage, as evidenced by payment received from the third party sponsor or denial of payment by the alleged third party sponsor, and verification of the responsible party's qualification for classification as an indigent person, subsequent to the completion of any appeals to which the responsible party may be entitled and which on their merits have a reasonable chance of achieving third party sponsorship in full or in part.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-010, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-010, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as §246-453-010, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), §26114-020, filed 12/7/84.]

WAC 246-453-020 Uniform procedures for the identification of indigent persons. For the purpose of identifying those patients that will be classified as indigent persons, all hospitals shall adopt and implement the following procedures:

(1) The initiation of collection efforts directed at the responsible party shall be precluded pending an initial determination of sponsorship status, provided that the responsible party is cooperative with the hospitals efforts to reach an initial determination of sponsorship status;

(a) Collection efforts shall include any demand for payment or transmission of account documents or information which is not clearly identified as being intended solely for the purpose of transmitting information to the responsible party;

(b) The initial determination of sponsorship status shall be completed at the time of admission or as soon as possible following the initiation of services to the patient;

(c) If the initial determination of sponsorship status indicates that the responsible party may meet the criteria for classification as an indigent person, as described in WAC 246-453040, collection efforts directed at the responsible party will be precluded pending a final determination of that classification, provided that the responsible party is cooperative with the hospital's reasonable efforts to reach a final determination of sponsorship status;

(d) During the pendency of the initial determination of sponsorship status and/or the final determination of the applicability of indigent person criteria, hospitals may pursue reimbursement from any third-party coverage that may be identified to the hospital;

(e) The requirements of this subsection shall not apply to clinics operated by disproportionate share hospitals, as defined and identified by the department of social and health services, medical assistance services, provided that patients are advised of the availability of charity care at the time that services are provided and when presented with a request for payment.

(2) Notice shall be made publicly available that charges for services provided to those persons meeting the criteria established within WAC 246-453-040 may be waived or reduced.

(3) Any responsible party who has been initially determined to meet the criteria identified within WAC 246-453-040 shall be provided with at least fourteen calendar days or such time as the person's medical condition may require, or such time as may reasonably be necessary to secure and to present documentation as described within WAC 246-453-030 prior to receiving a final determination of sponsorship status.

(4) Hospitals must make every reasonable effort to determine the existence or nonexistence of third-party sponsorship that might cover in full or in part the charges for services provided to each patient.

(5) Hospitals may require potential indigent persons to use an application process attesting to the accuracy of the information provided to the hospital for purposes of determining the person's qualification for charity care sponsorship. Hospitals may not impose application procedures for charity care sponsorship which place an unreasonable burden upon the responsible party, taking into account any physical, mental, intellectual, or sensory deficiencies or language barriers which may hinder the responsible party's capability of complying with the application procedures. The failure of a responsible party to reasonably complete appropriate application procedures shall be sufficient grounds for the hospital to initiate collection efforts directed at the patient.

(6) Hospitals may not require deposits from those responsible parties meeting the criteria identified within WAC 246-453-040 (1) or (2), as indicated through an initial determination of sponsorship status.

(7) Hospitals must notify persons applying for charity care sponsorship of their final determination of sponsorship status within fourteen calendar days of receiving information in accordance with WAC 246-453-030; such notification must include a determination of the amount for which the responsible party will be held financially accountable.

(8) In the event that the hospital denies the responsible party's application for charity care sponsorship, the hospital notify the responsible party of the denial and the basis for denial.

(9) All responsible parties denied charity care sponsorship under WAC 246-453-040 (1) or (2) shall be provided with, and notified of, an appeals procedure that enables them to correct any deficiencies in documentation or request review of the denial and results in review of the determination by the hospitals chief financial officer or equivalent.

(a) Responsible parties shall be notified that they have thirty calendar days within which to request an appeal of the final determination of sponsorship status. Within the first fourteen days of this period, the hospital may not refer the account at issue to an external collection agency. After the fourteen day period, if no appeal has been filed, the hospital may initiate collection activities.

(b) If the hospital has initiated collection activities and discovers an appeal has been filed, they shall cease collection efforts until the appeal is finalized.

(c) In the event that the hospitals final decision upon appeal affirms the previous denial of charity care designation under the criteria described in WAC 246-453-040 (1) or (2), the responsible party and the department of health shall be notified in writing of the decision and the basis for the decision, and the department of health shall be provided with copies of documentation upon which the decision was based.

(d) The department will review the instances of denials of charity care. In the event of an inappropriate denial of charity care, the department may seek penalties as provided in RCW 70.170.070.

(10) Hospitals should make every reasonable effort to reach initial and final determinations of charity care designation in a timely manner; however, hospitals shall make those designations at any time upon learning of facts or receiving documentation, as described in WAC 246-453-030, indicating that the responsible party's income is equal to or below two hundred percent of the federal poverty standard as adjusted for family size. The timing of reaching a final determination of charity care status shall have no bearing on the identification of charity care deductions from revenue as distinct from bad debts.

(11) In the event that a responsible party pays a portion or all of the charges related to appropriate hospital-based medical care services, and is subsequently found to have met the charity care criteria at the time that services were provided, any payments in excess of the amount determined to be appropriate in accordance with WAC 246-453-040 shall be refunded to the patient within thirty days of achieving the charity dare designation.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-020, filed 2/14/91, effective 3/17/91.]

WAC 246-453-030 Data requirements for the identification of indigent persons.

(1) For the purpose of reaching an initial determination of sponsorship status, hospitals shall rely upon information provided orally by the responsible party. The hospital may require the responsible party to sign a statement attesting to the accuracy of the information provided to the hospital for purposes of the initial determination of sponsorship status.

(2) Any one of the following documents shall be considered sufficient evidence upon which to base the final determination of charity care sponsorship status, when the income information is annualized as may be appropriate:

(a) A "W-2" withholding statement;

(b) Pay stubs;

(c) An income tax return from the most recently f filed calendar year;

(d) Forms approving or denying eligibility for Medicaid and/or state-funded medical assistance;

(e) Forms approving or denying unemployment compensation; or

(f) Written statements from employers or welfare agencies:

(3) In the event that the responsible party's identification as an indigent person is obvious to hospital personnel, and the hospital personnel are able to establish the position of the income level within the broad criteria described in WAC 246-453-040 or within income ranges included in the hospitals sliding fee schedule, the hospital is not obligated to establish the exact income level or to request the aforementioned documentation from the responsible party, unless the responsible party requests further review.

(4) In the event that the responsible party is not able to provide any of the documentation described above, the hospital shall rely upon written and signed statements from the responsible party for making a final determination of eligibility for classification as an indigent person.

(5) Information requests, from the hospital to the responsible party, for the verification of income and family size shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship, and may not be used to discourage applications for such sponsorship. Only those facts relevant to eligibility may be verified, and duplicate forms of verification shall not be demanded.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-030, filed 2/14/91, effective 3/17/91.]

WAC 246-453-040 Uniform criteria for the identification of indigent persons. For the purpose of identifying indigent persons, all hospitals shall use the following criteria:

(1) All responsible parties with family income equal to or below one hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for charity sponsorship for the full amount of hospital charges related to appropriate hospital-based medical services that are not covered by private or public third-party sponsorship;

(2) All responsible parties with family income between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for discounts from charges related to appropriate hospital-based medical services in accordance with the hospitals sliding fee schedule and policies regarding individual financial circumstances;

(3) Hospitals may classify any individual responsible party whose income exceeds two hundred percent of the federal poverty standard, adjusted for family size, as an indigent person eligible for a discount from charges based upon that responsible party's individual financial circumstances.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-040, filed 2/14/91, effective 3/17/91.]

WAC 246-453-050 Guidelines for the development of sliding fee schedules. All hospitals shall, within ninety days of the adoption of these rules, implement a sliding fee schedule for determination of discounts from billed charges for responsible parties meeting the criteria in WAC 246-453-040(2). These sliding fee schedules must be made available upon request.

(1) In developing these sliding fee schedules, hospitals shall consider the following guidelines:

(a) The sliding fee schedule shall consider the level of charges that are not covered by any public or private sponsorship in relation to or as a percentage of the responsible party's family income;

(b) The sliding fee schedule shall determine the maximum amount of charges for which the responsible party will be expected to provide payment, with flexibility for hospital management to hold the responsible party accountable for a lesser amount after taking into account the specific financial situation of the responsible party;

(c) The sliding fee schedule shall take into account the potential necessity for allowing the responsible party to satisfy the maximum amount of charges for which the responsible party will be expected to provide payment over a reasonable period of time, without interest or late fees; and

(d) Hospital policies and procedures regarding the sliding fee schedule shall specify the individual financial circumstances which may be considered by appropriate hospital personnel for purposes of adjusting the amount resulting from the application of the sliding fee schedule, such as:

(i) Extraordinary nondiscretionary expenses relative to the amount of the responsible party's medical care expenses;

(ii) The existence and availability of family assets, which may only be considered with regard to the applicability of the sliding fee schedule;

(iii) The responsible party's future income earning capacity, especially where his or her ability to work in the future may be limited as a result of illness; and

(iv) The responsible party's ability to make payments over an extended period of time.

(2) Examples of sliding fee schedules which address the guidelines in the previous subsection are:

(a) A person whose annual family income is between one hundred one. and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship limited to forty percent of the excess of that person's annual family income over one hundred percent of the federal poverty standard, adjusted for family size. This responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party.

(b) A person whose family income is between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship reduced according to the schedule below. The resulting responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party. The schedule is as follows:

INCOME AS A PERCENTAGE OF FEDERAL POVERTY LEVEL	PERCENTAGE DISCOUNT
One hundred one to one hundred thirty-three	Seventy-five percent
One hundred thirty-four to one hundred sixty-six	Fifty percent
one hundred sixty-seven to two hundred	Twenty-five percent

(3) The provisions of this section and RCW 70.170-060 (5) shall not apply to the professional services of the hospital's medical staff, provided that the charges for such services are either submitted by the individual medical staff or are separately identified within the hospitals billing system.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-050, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-050, filed 2/14/91, effective 3/17/91.]

WAC 246-453-060 Denial of access to emergency care based upon ability to pay and transfer of patients with emergency medical conditions or active labor.

(1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:

(a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;

(b) significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or

(c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.

(2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital which maintains an emergency department shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must f follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.

(3) The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency. For purposes of monitoring compliance with subsection (2) of this section, the department is to follow all definitions and requirements of federal law.

(4) Except as required by federal law and subsection (2) of this section, nothing in this section shall be interpreted to indicate that hospitals and their medical staff are required to provide appropriate hospital-based medical services, including experimental services, to any individual.

(Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-060, filed 2/14/91, effective 3/17/91.]

WAC 246-453-070 Standards for acceptability of hospital policies for charity care and bad debts.

(1) Each hospital shall develop, and submit to the department, charity care policies, procedures, and sliding fee schedules consistent with the requirements included in WAC 246-453-020, 246-453-030, 246-453-040, and 246-453-050. Any subsequent modifications to those policies, procedures, and sliding fee schedules must be submitted to the department no later than thirty days prior to their adoption by the hospital.

(2) Each hospital shall develop, and submit to the department, bad debt policies and procedures, including reasonable and uniform standards for collection of the unpaid portions of hospital charges that are the patient's responsibility. These standards are to be part of each hospitals system of accounts receivable management manuals, which support hospital collection policies. Manuals should cover procedures for preadmission, admission, discharge, outpatient registration and discharge, billing, and credit and collections. All subsequent modifications to these bad debt policies must be submitted to the department no later than thirty days prior to their adoption by the hospital.

(3) The department shall review the charity care and bad debt policies and procedures submitted in accordance with the provisions of this section. If any of the policies and procedures do not meet the requirements of this section or WAC 246-453-020, 246-453-030, 246-453-040, or 246-453-050, the department shall reject the policies and procedures and shall so notify the hospital. Such notification shall be in writing, addressed to the hospitals chief executive officer or equivalent, and shall specify the reason(s) that the policies and procedures have been rejected. Any such notification must be mailed within fourteen calendar days of the receipt of the hospitals policies and procedures. Within fourteen days of the date of the rejection notification, the hospital shall revise and resubmit the policies and procedures.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-070, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-070, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-070, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 26114-030, filed 12/7/84.]

WAC 246-453-080 Reporting requirements. Each hospital shall compile and report data to the department with regard to the amount of charity care provided, in accordance with instructions issued by the department.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-080, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-080, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-040, filed 12/7/84.]

WAC 246-453-090 Penalties for violation.

(1) Failure to file the policies, procedures, and sliding fee schedules as required by WAC 246-453-070 or the reports required by WAC 246-453-080 shall constitute a violation of, RCW 70.170.060, and the department will levy a civil penalty of one thousand dollars per day for each day following official notice of the violation. The department may grant extensions of time to file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired.

(2) Failure to comply with other provisions of chapter 70.170 RCW, and chapter 246-453 WAC, shall result in civil penalties as provided within RCW 70.170.070(2), with the exception that the terms "not exceeding" and "not to exceed" will be read to mean “of”.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-090, filed 6/l/94, effective 7/2/94. Statutory Authority:RCW 70.170.060. 91-05-048 (Order 142), § 246-453-090, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-090, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 26114-090, filed 5/16/86.]

Appendix 5

Federal Poverty Guidelines

The 2007 Federal Poverty Guidelines for all states except Alaska and Hawaii and The District of Columbia from the Federal Register dated January 24, 2007:

Annual Income Poverty Guideline

Size of Family	2005	2006	2007
1	$9,570	$9,800	$10,210
2	12,830	13,200	$13,690
3	16,090	16,600	$17,170
4	19,350	20,000	$20,650
5	22,610	23,400	$24,130
6	25,870	26,800	$27,610
7	29,130	30,200	$31,090
8	32,390	33,600	$34,570

For family units with more than eight members, add $3,260 for each additional member for 2005, $3,400 for 2006 and $3,480 for 2007.

These guidelines go into effect on the day they are published, January 24, 2007, with the exception of Hill Burton hospitals, which are effective sixty days from the date of publication.

Source: *Federal Register, Vol. 75, No. 15. January 24, 2007. pp. 3147-3148*