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CHARITY CARE

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The State of New Jersey has an extensive Charity Care program for payment to hospitals for patients who have either no private medical insurance or inadequate insurance. The Regulations are found at N.J.A.C. 10:52-11, 12, 13.

The Department of Health and Senior Services values charity care claims at the Medicaid rate. If there is a partial payment from a third party, the charity care write-off amount is determined by subtracting the partial payment from the Medicaid rate.

Certain screening and documentation is required. The hospital must provide all patients with an individual written notice of the availability of Charity Care and Medicaid or N.J. Family Care. The notice shall be provided at the time of service, but not later than at the first billing. The hospital must refer the applicant to the appropriate Medicaid program and advise the Medicaid office of the applicant's possible eligibility. The Medicaid office has seven months in which to respond. If there is no response, the hospital shall approve the applicant's Charity Care application if the applicant meets all other Charity Care criteria.

Hospitals must first attempt to collect from private sources, then federal, state and local government programs. Hospitals must collect all or a part of a person's bill from these sources. The hospital must also pursue reimbursement from collected copayments and deductibles from Medicare patients. The Charity Care program is the payer of last resort.

There are rules of eligibility for Charity Care.

1. *Identification.* The applicant must provide the hospital with identification, such as a driver's license, Social Security card, birth certificate, alien registration, etc.

2. *New Jersey Residency.* Applicants for Charity Care must be New Jersey residents since the time of hospital service and have no residence in any other state or country.

3. *Income Eligibility.* The hospital determines income eligibility based on the applicant's family size. Generally, an individual is eligible if the family income is less than 200% of the HHS Poverty Guidelines. For 2007, the Federal Poverty Guidelines are as follows:

Persons In Family or Household	Federal Poverty Guideline	Charity Care Income Limit
1	\$10,210	\$20,420
2	13,690	27,380
3	17,170	34,340
4	20,650	41,300
5	24,130	48,260
6	27,610	55,220
7	31,090	62,180
8	34,570	69,140
For each additional person, add:	3,480	6,960

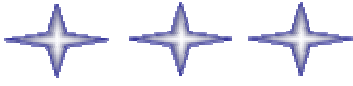
A person is eligible for reduced charges if family income is greater than 200% of the federal poverty guidelines but not more than 300%. The reduction is as follows:

Income as a Percentage of HHS Poverty Guidelines	Percentage of Charges Paid by Applicant
200 to 225	20
225 to 250	40
250 to 275	60
275 to 300	90

If qualified medical expenses exceed 30% of an applicant's or family's annual gross income, the excess will be 100% covered by Charity Care. The 30% threshold must be met once per family in a 12-month period.

4. *Assets.* An applicant must provide proof that his or her individual assets do not exceed \$7,500 and that family assets do not exceed \$15,000.

Assets are items that are either cash or readily convertible to cash. These would include bank accounts, stocks, bonds, and retirement accounts. A primary residence is excluded.



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Begley & Bookbinder

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