Washington State 2006

Charity Care in Washington Hospitals

January 2009

Washington State Department of Health

Center for Health Statistics
Hospital and Patient Data Systems

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For more information or additional copies contact:

Center for Health Statistics
Hospital and Patient Data Systems
101 Israel Road S.E.
P.O. Box 47814
Olympia, Washington 98504-7814

http://www.doh.wa.gov/EHSPHL/hospdata/CharityCare

360-236-4210
FAX 360-664-8579

Mary C. Selecky
Secretary of Health

Special acknowledgments to:

Jude Van Buren, Assistant Secretary
Epidemiology, Health Statistics, and Public Health Laboratories

Teresa Jennings, State Registrar and Director
Center for Health Statistics

Authors:

Richard Ordos, Manager
Center for Health Statistics/Hospital and Patient Data Systems

Randall Huyck, Financial Analyst
Center for Health Statistics/Hospital and Patient Data Systems

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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 annually. This report presents data submitted by Washington hospitals in their fiscal year 2006 Hospital Year-end Reports and 2007 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 people 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. More recent years' reports reviewed only charity care. This report brings back bad debt so Washington State results can be compared to national data.

Washington hospitals provided $510 million in total charity care charges for 2006, which is an increase of 10.6 percent above 2005 and a 35.0 percent increase above the 2004 levels. Charity care for 2006 was 2.15 percent of total hospital revenue and 4.44 percent of "adjusted revenue" (adjusted revenue is total revenue minus Medicare and Medicaid charges in order to focus on each hospital's non-Medicare, non-Medicaid charges). Total charity care charges have consistently increased from 1998 to the present. The growth in charity care has moderated since the increase from 2004 to 2005, which was the largest increase in charity care ever recorded either by the Department of Health or by the Washington State Hospital Commission.

Thirty-three hospitals each provided more than $3 million of charity care in FY 2006, which accounted for nearly 92 percent of charity care statewide. Regionally, King County clearly provides the largest dollar amount of charity care, with Harborview Medical Center alone providing 22 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.

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 estimated 12.0 percent statewide poverty rate and an average of $1,357.04 of free or discounted charity care provided per person considered under the poverty level.

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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 people, when they're 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. 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). Past hospital accounting practice did not consistently separate bad debt from 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 reports annually to the department its 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. State-owned psychiatric hospitals, federal Veteran's Affairs hospitals, and federal military hospitals are also excluded. This report is based on data collected from 94 licensed Washington hospitals for their fiscal years ending in 2006.

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 that hospitals report the number of charity care patients along with charity care charges. For fiscal year 2006, 54

of the possible 94 hospitals reported. These hospitals had 164,645 charity care patients totaling $340 million in charity care. This represents 67 percent of the total 2006 charity care dollars provided.

This report provides charity care summary information, and additional data can be obtained from the CHS Hospital and Patient Data Systems (HPDS) database[1]. Center for Health Statistics maintains a hospital financial database of all financial information submitted by Washington hospitals. This database is available for public use and contains information on hospital utilization, revenues and expenses. Center for Health Statistics also maintains a database containing patient discharge information known as CHARS (Comprehensive Hospital Abstract Reporting System). The system's dataset elements include patient demographics, diagnoses and procedures, detail and total revenue charges, insurance payers, physicians, length of stay, and Diagnosis Related Group (DRG) assignment.

Charity Care Policy in Other States

There is no national community hospital charity care policy or requirement. Some states require hospitals to provide charity care, while others do not. Some of these states have a program in which the hospitals can apply for partial reimbursement of the funds forgiven.

There is also a federal law, the Emergency Medical Treatment and Active Labor Act[2] (EMTALA) that requires hospitals to treat people with certain conditions when they present themselves to the hospital regardless 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 Department of Health.

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. Department of Health has not established a standard for the "appropriate" amount of charity care that a hospital should provide.

[1] This information is available on the internet at http://www.doh.wa.gov/EHSPHL/hospdata/default.htm or by calling (360) 236-4210

[2] Section 1867(a) of the Social Security Act, 42 USC §1395cc and §1395dd. Specific regulations are primarily at 42 CFR §489.24.

A hospital is limited in the amount of uncompensated health care it can provide and 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 $461 million in FY 2005[3] to $510 million in FY 2006. This represents a 10.6 percent increase from 2005 to 2006. Table 1 summarizes the statewide provision of charity care from 1994 through 2006. 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 482 percent over the past 10 years, while statewide revenues increased by 347 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, 1994-2006

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%
2006	23,729,471,286	11,486,408,669	509,804,329	2.15%	4.44%	4.11%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports FY 1994-2006.*

[3] Not all hospitals have a fiscal year that coincides with the calendar year. Among the 94 hospitals in Washington, there are six different fiscal calendars. As a result, we cannot provide data based on the calendar year. Information contained in this report for fiscal year (FY) 2006 includes hospital data that pertains to the year that ended March 31st, April 30th, June 30th, September 30th, October 31st or December 31st, 2006, depending on each hospital's fiscal calendar.

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

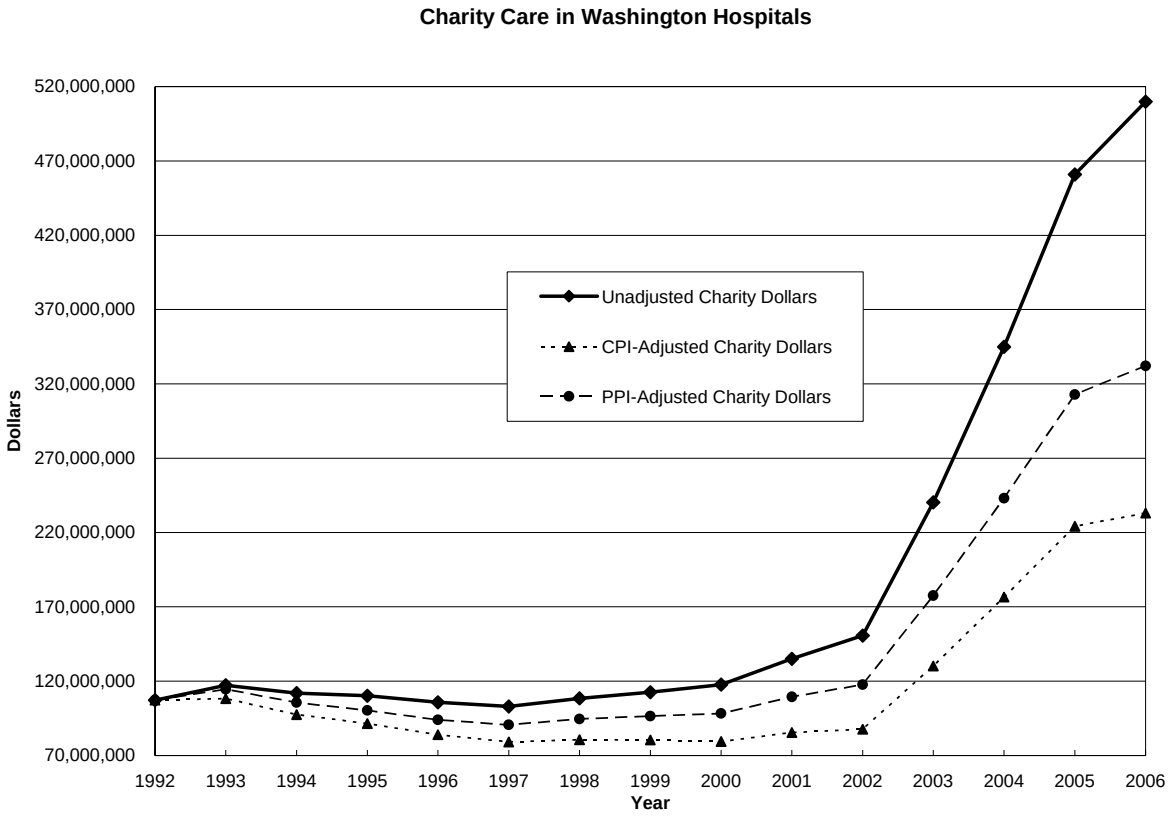
Figure 1 on the following page shows Washington hospitals' inflation adjusted experience with charity care over time. It displays charity care amounts in actual dollars and in inflation-adjusted dollars. Inflation-adjusting charity care amounts allows the reader to see changes in charity care from year 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 Department of Health. The Consumer Price Index (CPI) adjusted dollars reflect inflation at the consumer level[4]. In other words, CPI changes reflect changes in the overall prices of goods and services. The Producer Price Index (PPI) adjusted amount is only for hospital care and reflects the changes in the selling prices received by hospitals for their services[5]. The base year for both inflation indices is 1992.

Under all measures, it is obvious that charity care increased sharply starting in 2004, even when the CPI and PPI hold inflation constant. Prior to 2004 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. However, factors other than just an increase in care may account for some of the large swing. Alterations in accounting practices that affect what hospitals report or public policy changes may also explain some of these increases.

[4] 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)

[5] The BLS also publishes the Producer Price Index (PPI). 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)

Figure 1. Inflation Adjusted Provision of Charity Care



The majority of the state's charity care comes from relatively few hospitals. Thirty-two urban hospitals each reported $3 million or more and together provided $458 million in charity care (approximately 90 percent of the charity care provided statewide) in FY 2006 (see Table 2). The amount of charity care individual hospitals provided ranged from $0 to $112 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 2006

Hospital	City	County	2005 Charity Care	2006 Charity Care	Percent Change
Harborview Medical Center	Seattle	King	$98,243,000	$112,188,000	14.19%
Providence Everett Medical Center	Everett	Snohomish	31,811,074	31,335,712	-1.49%
Providence Saint Peter Hospital	Olympia	Thurston	22,949,168	29,724,540	29.52%
Saint Joseph Medical Center	Tacoma	Pierce	16,917,321	23,093,412	36.51%
Swedish Health Services	Seattle	King	23,087,910	21,473,336	-6.99%
Sacred Heart Medical Center	Spokane	Spokane	14,527,167	21,004,353	44.59%
Tacoma General Allenmore Hospital	Tacoma	Pierce	18,612,298	18,148,276	-2.49%
University of Washington Medical Center	Seattle	King	14,932,682	17,000,103	13.84%
Southwest Washington Medical Center	Vancouver	Clark	15,390,405	14,313,645	-7.00%
Valley Medical Center	Renton	King	14,172,017	13,387,438	-5.54%
Providence Centralia Hospital	Centralia	Lewis	14,550,041	11,447,322	-21.32%
Saint Francis Hospital	Federal Way	King	9,634,814	10,931,445	13.46%
Saint Clare Hospital	Lakewood	Pierce	8,928,033	10,916,194	22.27%
Swedish Health Services - Cherry Hill	Seattle	King	9,763,471	10,399,358	6.51%
PeaceHealth Saint John Medical Center	Longview	Cowlitz	8,307,987	9,692,944	16.67%
Kadlec Medical Center	Richland	Benton	8,792,402	9,593,283	9.11%
Saint Joseph Hospital	Bellingham	Whatcom	9,266,567	9,445,262	1.93%
Good Samaritan Hospital	Puyallup	Pierce	7,592,284	8,163,974	7.53%
Virginia Mason Medical Center	Seattle	King	9,879,932	8,149,650	-17.51%
Yakima Valley Memorial Hospital	Yakima	Yakima	4,999,185	7,724,744	54.52%
Yakima Regional Medical and Heart Center	Yakima	Yakima	8,205,425	7,296,260	-11.08%
Holy Family Hospital	Spokane	Spokane	5,503,637	6,839,416	24.27%
Harrison Medical Center	Bremerton	Kitsap	4,429,302	6,509,360	46.96%
Evergreen Hospital Medical Center	Kirkland	King	6,885,415	6,388,160	-7.22%
Central Washington Hospital	Wenatchee	Chelan	3,248,927	5,474,835	68.51%
Overlake Hospital Medical Center	Bellevue	King	3,600,859	5,074,086	40.91%
Highline Medical Center	Seattle	King	6,654,998	4,914,119	-26.16%
Deaconess Medical Center	Spokane	Spokane	3,169,286	4,004,874	26.37%
Valley General Hospital	Monroe	Snohomish	2,429,860	3,523,518	45.01%
Stevens Hospital	Edmonds	Snohomish	4,220,740	3,450,170	-18.26%
Northwest Hospital and Medical Center	Seattle	King	2,850,807	3,181,842	11.61%
Skagit Valley Hospital	Mount Vernon	Skagit	4,303,447	3,002,750	-30.22%
Total			$417,860,461	$457,792,381	9.56%

Source: *Washington State Department of Health, Financial Data Year-end Reports, FY2005-2006.*

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 2006 averaged 4.44 percent of adjusted revenue, which is lower than FY 2005 average of 4.48 percent.

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

- Harborview Medical Center - Seattle, at 11.55 percent (11.54 percent in 2005)
- Providence Centralia Hospital - Centralia, at 5.35 percent (7.67 percent in 2005)
- Valley General Hospital - Monroe, at 4.72 percent (4.02 percent in 2005).

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

- Harborview Medical Center - Seattle, at 23.20 percent (24.89 percent in 2005)
- Providence Centralia Hospital - Centralia, at 14.94 percent (16.92 percent in 2005)
- Ocean Beach Hospital – Ilwaco, at 8.94 percent (7.10 percent in 2005).

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 22 hospitals. The 2006 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, 2003-2006

Hospital Region	Charity Care Provided per 1000 Residents 2003	2004	2005	2006
King County	$ 64,437	$ 98,960	$ 117,199	$ 123,695
King County w/o Harborview Med Center	33,356	46,687	62,870	62,567
Puget Sound	24,311	45,089	54,618	57,950
Southwest Washington	25,564	52,745	68,948	75,320
Central Washington	19,194	36,198	49,380	57,472
Eastern Washington	26,516	48,496	48,270	62,387
Statewide	$ 35,865	$ 61,231	$ 73,651	79,962

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2003-06; Office of Financial Management – Population Estimates, FY 2003-2006.*

Table 3 shows that charity care amounts in Washington ranged from a low of $57,472 per 1,000 residents in Central Washington, to a high of $123,695 per 1,000 King County residents. The statewide average is $79,962 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 (21.3 percent of the statewide total) is excluded. Then charity care in King County drops from 4.32 percent of adjusted revenue to 2.51 percent. It is also important to note that Harborview derives 53.3 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

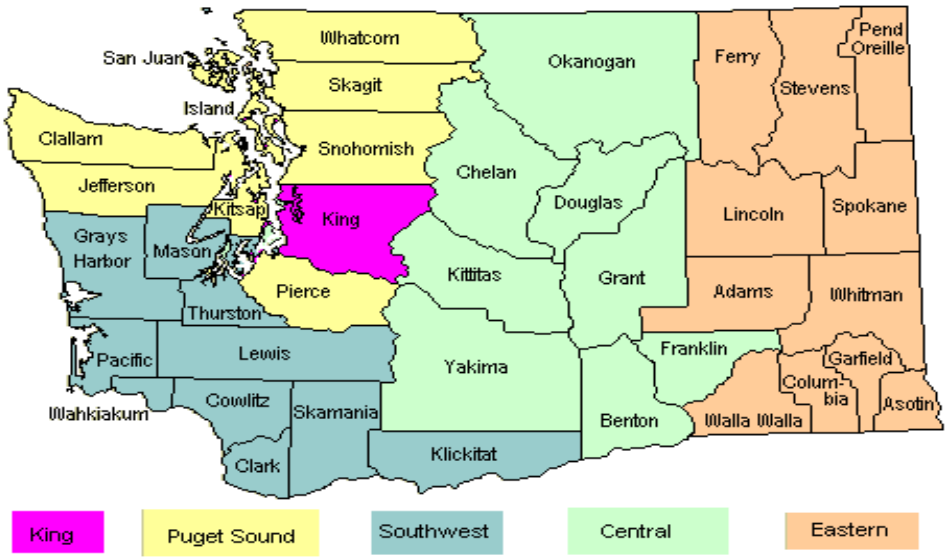


Table 4. Overview of Hospital Charity Care by Region, FY 2006 (Million dollars)

	Charity Care	Total Revenue ($M)	Medicare/ Medical Assistance Revenue	Adjusted Revenue	Charity Care As Percent of Region's Adj Rev
King County	$227.0	$9,612.5	$4,363.1	$5,249.3	4.32%
As a percentage of state total	44.5%	40.5%	35.6%	45.7%	
Puget Sound (Less King County)	$126.0	$6,687.5	$3,629.0	$3,058.5	4.12%
As a percentage of state total	24.7%	28.2%	29.6%	26.6%	
Southwest Washington	$74.1	$2,791.4	$1,523.5	$1,267.9	5.84%
As a percentage of state total	14.5%	11.8%	12.4%	11.0%	
Central Washington	$41.4	$2,084.9	$1,203.9	$881.0	4.70%
As a percentage of state total	8.1%	8.8%	9.8%	7.7%	
Eastern Washington	$41.3	$2,553.3	$1,523.6	$1,029.6	4.01%
As a percentage of state total	8.1%	10.8%	12.4%	9.0%	
State Total	$508.8	$23,729.5	$12,243.1	$11,486.4	4.44%

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

Using definitions from the Department of Health (Appendix 2), there were 44 hospitals that could be classified as rural in 2006. Of these 25 were in sparsely populated "Small Town/Isolated Rural" areas; five 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 2004, $21.4 million in 2005, and $36.6 million in 2006. Historically, rural hospitals have tended to provide less charity care than their urban counterparts do and have tended to be more dependent on Medicare and Medicaid discounted payments, as shown in Table 5.

Table 5. Rural/Urban Charity Care, FY 2006

	Charity Care Percentage of Adjusted Revenue	Charity Care Per 1000 Population	Medicare & Medical Assistance as a Percentage Total Revenue
Rural Hospitals (44)	4.27%	$ 22,069	58.82%
Small Town/Isolated Rural (25)	3.81%	18,134	59.55%
Rural Urban Fringe (5)	2.33%	1,632	51.51%
Large Town (14)	4.61%	60,777	58.19%
Urban (50)	4.45%	100,736	50.97%
All Hospitals (94)	4.44%	79,962	51.59%

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

For 2006 rural hospitals derived 58.82 percent (58.88 percent in 2005) 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 50.97 percent Medicare/Medicaid payments (50.76 percent in 2005).

In 2006 charity care was less than one percent of total revenue for 18 of the 44 rural hospitals; of these 18, it was 0.5 percent or less for four hospitals. In terms of adjusted revenue, Appendix 2 shows charity care was less than two percent for 11 of the 44 hospitals; of these 11, it was one percent or less for three 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 (4.61 percent) during 2006.

Poverty Levels and Providing Uncompensated Care

Uncompensated care tends to go to those who are the most financially needy. The table on the following page shows the total uncompensated care delivered by county as well as the percentage of poverty in the county. The poverty figures come from the U.S. Census Bureau[6]. The average amount of uncompensated care per population 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.

[6] Source: U.S. Census Bureau, Data Integration Division, Small Area Estimates Branch, Small Area Income & Poverty Estimates for 2005 (most recent available) released January 2008.

Table 6. 2006 Charity Care /Bad Debt by Hospitals in the County compared to Poverty in the County

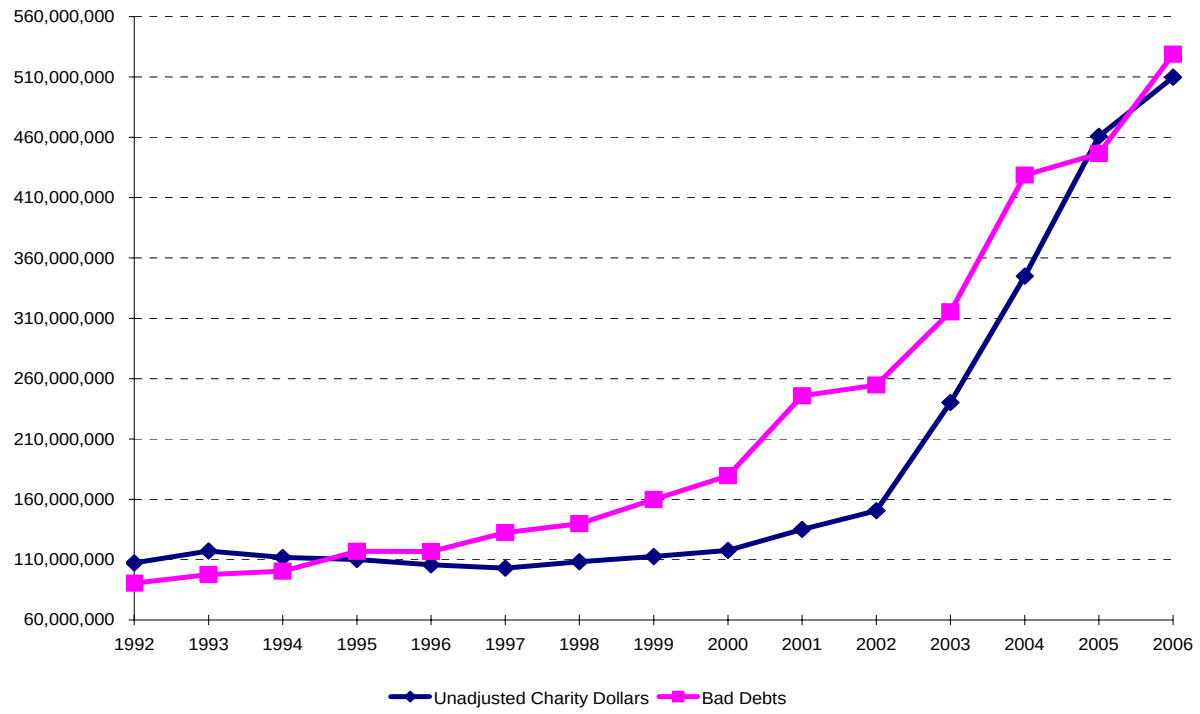
County	Charity	Bad Debt	Uncompensated = Charity + Bad Debt	Uncompensated / Poverty Population	County Poverty Percent
Adams	$ 571,345	$ 1,575,623	$ 2,146,968	$678.15	18.30%
Asotin	835,774	1,063,377	1,899,151	$511.40	17.60%
Benton	12,735,969	7,102,446	19,838,415	$1,112.85	11.10%
Chelan	6,443,878	5,758,597	12,202,475	$1,252.32	13.90%
Clallam	2,234,265	4,226,017	6,460,282	$744.41	12.80%
Clark	17,299,595	32,113,177	49,412,772	$1,064.87	11.50%
Columbia	27,385	280,088	307,473	$551.42	13.60%
Cowlitz	9,692,944	5,906,214	15,599,158	$1,074.32	15.00%
Douglas	No Hospital			$0.00	15.10%
Ferry	77,398	216,941	294,339	$196.23	20.00%
Franklin	1,589,980	4,704,850	6,294,830	$550.84	17.80%
Garfield	53,937	54,965	108,902	$317.31	14.30%
Grant	2,573,740	3,682,585	6,256,325	$448.68	17.30%
Grays Harbor	2,027,178	8,225,219	10,252,397	$846.69	17.20%
Island	755,088	2,885,871	3,640,959	$589.53	8.00%
Jefferson	1,826,372	1,886,334	3,712,706	$1,144.84	11.50%
King	227,017,802	204,174,449	431,192,251	$2,447.33	9.60%
Kitsap	6,509,360	10,482,868	16,992,228	$775.69	9.00%
Kittitas	967,877	1,886,272	2,854,149	$351.68	21.70%
Klickitat	354,710	871,918	1,226,628	$356.04	17.40%
Lewis	11,589,401	2,043,980	13,633,381	$1,147.33	16.30%
Lincoln	382,715	324,145	706,860	$550.00	12.60%
Mason	1,944,842	4,339,760	6,284,602	$816.24	14.50%
Okanogan	587,300	2,320,844	2,908,144	$335.18	21.80%
Pacific	917,839	1,262,556	2,180,395	$641.86	15.80%
Pend Oreille	361,844	745,602	1,107,446	$481.48	18.70%
Pierce	61,203,667	103,520,518	164,724,185	$1,884.60	11.30%
San Juan	No Hospital				9.20%
Skagit	5,200,215	8,827,741	14,027,956	$932.57	13.30%
Skamania	No Hospital				11.10%
Snohomish	38,867,397	33,488,493	72,355,890	$1,223.91	8.80%
Spokane	33,241,198	32,052,362	65,293,560	$1,007.70	14.60%
Stevens	1,084,777	1,367,529	2,452,306	$332.85	17.50%
Thurston	30,258,514	16,242,666	46,501,180	$1,898.27	10.60%
Wahkiakum	No Hospital				10.20%
Walla Walla	3,652,830	4,006,744	7,659,574	$711.23	18.60%
Whatcom	9,445,262	8,418,054	17,863,316	$697.30	13.90%
Whitman	979,502	1,699,044	2,678,546	$235.27	26.60%
Yakima	16,492,433	10,994,515	27,486,948	$551.54	21.50%
Statewide	$ 509,804,333	$ 528,752,364	$ 1,038,556,697	$1,357.04	12.00%

Bad Debt and Charity Care

As noted on page five, 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 more than doubled since 2000. Bad debt has increased more than charity care, though the gap between the two has narrowed in the last two years. These trends are shown in Figure 3 below:

Figure 3. Uncompensated Care in Washington State



Charity Care Projections for FY 2007

In accordance with state statute, hospitals submit a projected annual budget to Department of Health 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 2007 (see Appendix 3). Overall hospitals project that charity care will increase 14.39 percent, or $64.6 million above their projected charity care for FY 2006 which is 13.48 percent above the below FY 2006 charity care (see Table 7 on the following page). 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 2004 - 2006

All Hospitals	2004	2005	2006	2007
Projected Charity	$232,851,739	$360,573,964	$449,245,359	$513,928,846
Percentage Change from Previous Year	25.38%	54.85%	24.59%	14.39%
Actual Charity	$367,934,831	$460,789,979	$509,804,328	$526,548,866
Percentage Change from Previous Year	68.22%	25.24%	10.64%	3.28%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2004-2007 and FY 2004-2007 Annual Budgets.*

How Hospitals Project Charity Care

Most hospitals' FY 2007 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 people 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 Department of Health that states the hospital's procedure to determine and verify the income information supplied by people applying for uncompensated health care services. The hospital's charity care policy must be applied consistently and equitably 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

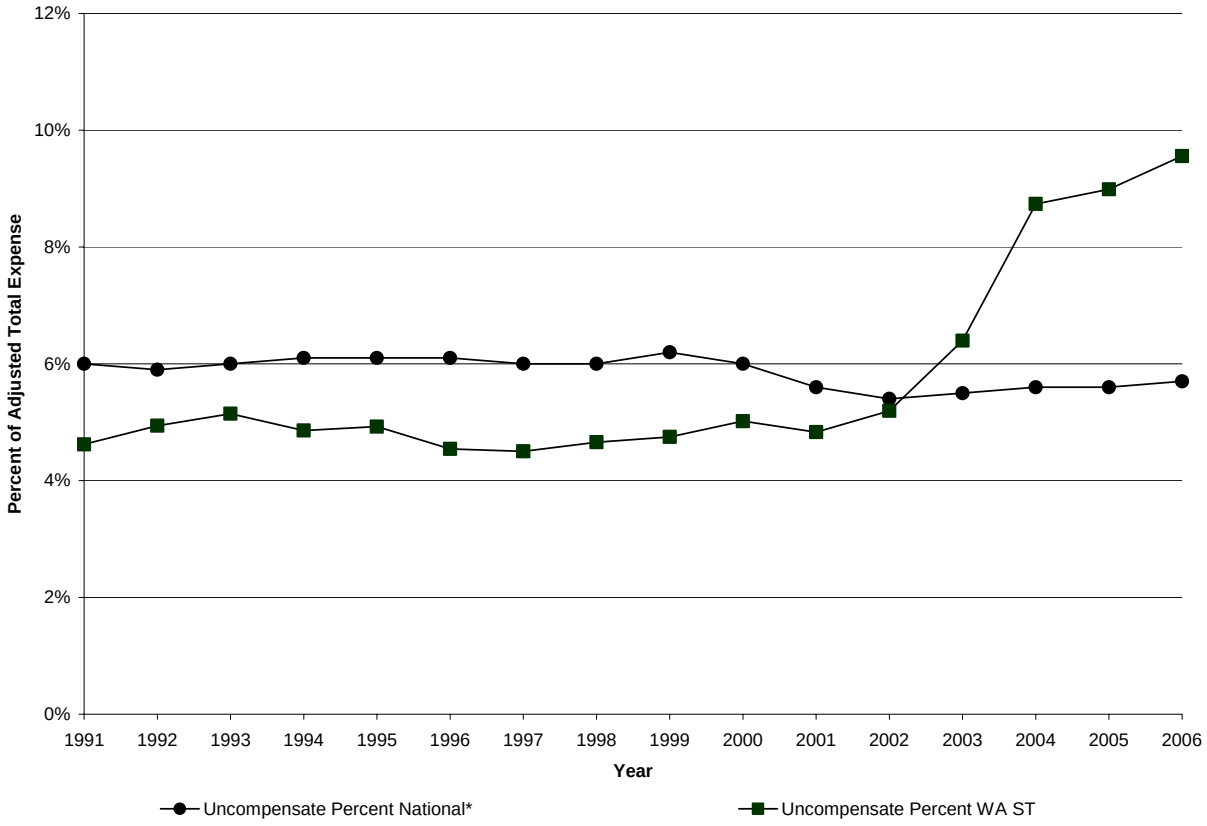
In general, hospitals provide information to their customers on charity care, as well as applications for assistance, at the time of registration, in their emergency rooms, and in fiscal services offices. These applications may also be included in a patient's admission packet or with itemized bills that the hospital mails to a patient after discharge. 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 2006 as shown in the chart below. Charity care for 2006 continues increase (10.6 percent), but at a lesser rate than the increase experienced in 2005 (22 percent). Preliminary figures indicate that charity care is on a record pace throughout 2006.

Total uncompensated care shows a similar pattern. It was steady until 2004, when it increased sharply. Until then Washington hospitals' uncompensated care as a percent of their expenses was generally somewhat below the national average. Afterward, Washington hospitals' uncompensated care 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 (AHA) Uncompensated Hospital Care Cost Fact Sheet[7]. The Washington State data was calculated using the same formula as the AHA report.

Figure 4. Uncompensated Care as Percent of Adjusted Total Expense



[7] http://www.aha.org/aha/content/2008/pdf/08-uncompensated-care.pdf

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 department's Hospital and Patient Data Systems (HPDS) office.
3. Assure each hospital prominently displays a notice concerning the waiver/reduction of fees for people 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 2006

LIC #	REGION /HOSPITAL	REVENUE CATEGORIES (DOLLARS) TOTAL REVENUE	(LESS) MEDICARE REVENUE	(LESS) MEDICAL ASSISTANCE # REVENUE	ADJUSTED REVENUE	CHARITY CARE CHARITY CARE	% of TOT REV	% of ADJ REV
	KING COUNTY (N=20)							
183	Auburn Regional Medical Center	216,933,581	85,930,025	21,212,281	109,791,275	1,402,358	0.65%	1.28%
904	BHC Fairfax Hospital	52,465,503	7,140,714	22,273,026	23,051,763	730,808	1.39%	3.17%
14	Children's Hospital & Medical Center	594,720,269	8,475,673	247,916,488	338,328,108	8,660,000	1.46%	2.56%
35	Enumclaw Community Hospital	38,681,628	12,835,608	3,460,928	22,385,092	280,537	0.73%	1.25%
164	Evergreen Hospital Medical Center	483,782,748	148,317,141	36,429,924	299,035,683	6,388,160	1.32%	2.14%
29	Harborview Medical Center	971,129,269	225,921,063	261,608,178	483,600,028	112,188,000	11.55%	23.20%
126	Highline Community Hospital	438,913,249	166,323,881	70,532,409	202,056,959	4,914,119	1.12%	2.43%
148	Kindred Hospital Seattle	31,197,244	17,506,274	3,678,512	10,012,458	0	0.00%	0.00%
130	Northwest Hospital	396,045,448	186,117,462	21,366,337	188,561,649	3,181,842	0.80%	1.69%
131	Overlake Hospital Medical Center	580,453,612	213,872,713	19,435,377	347,145,522	5,074,086	0.87%	1.46%
202	Regional Hospital for Respiratory and Complex Care	31,740,032	20,816,81	1,549,038	9,374,179	163,668	0.52%	1.75%
201	Saint Francis Community Hospital	405,607,552	99,477,538	59,457,594	246,672,420	10,931,445	2.70%	4.43%
204	Seattle Cancer Care Alliance	245,866,797	56,886,181	21,728,869	167,251,747	2,627,411	1.07%	1.57%
195	Snoqualmie Valley Hospital	12,213,737	3,717,743	361,846	8,134,148	18,070	0.15%	0.22%
1	Swedish Hospital Medical Center	1,825,381,593	578,885,126	214,829,120	1,031,667,347	21,473,336	1.18%	2.08%
3	Swedish Providence Medical Center	650,303,763	299,596,946	68,601,199	282,105,618	10,399,358	1.60%	3.69%
128	University of Washington Medical Center	948,092,072	263,486,179	176,200,502	508,405,391	17,000,103	1.79%	3.34%
155	Valley Medical Center - Renton	609,397,794	190,895,337	82,725,052	335,777,405	13,387,438	2.20%	3.99%
10	Virginia Mason Medical Center	1,069,950,855	396,422,459	38,517,840	635,010,556	8,149,650	0.76%	1.28%
919	West Seattle Psychiatric Hospital	9,577,752	4,604,063	4,004,001	969,688	47,413	0.50%	4.89%
	KING COUNTY TOTALS	9,612,454,498	2,987,228,941	1,375,888,521	5,249,337,036	227,017,802	2.36%	4.32%
	PUGET SOUND REGION (Less King Co.) (N=18)							
106	Cascade Valley Hospital	63,010,896	20,526,646	9,917,065	32,567,185	557,997	0.89%	1.71%
54	Forks Community Hospital	17,751,923	4,596,257	5,827,534	7,328,132	372,884	2.10%	5.09%
81	Good Samaritan Hospital	521,761,372	220,623,813	67,506,989	233,630,570	8,163,974	1.56%	3.49%
142	Harrison Memorial Hospital	400,787,129	188,834,727	48,713,991	163,238,411	6,509,360	1.62%	3.99%
134	Island Hospital	98,513,312	39,182,555	4,354,855	54,975,902	806,599	0.82%	1.47%
85	Jefferson General Hospital	64,313,789	30,402,821	7,180,604	26,730,364	1,826,372	2.84%	6.83%
175	Mary Bridge Children's Health Center	291,896,758	116,759	157,000,936	134,779,063	881,811	0.30%	0.65%
38	Olympic Memorial Hospital	161,495,000	86,546,471	19,417,963	55,530,566	1,861,381	1.15%	3.35%
84	Providence Everett Medical Center	1,090,751,744	450,903,913	141,874,815	497,973,016	31,335,712	2.87%	6.29%
132	Saint Clare Hospital	325,687,784	118,311,449	54,754,236	152,622,099	10,916,194	3.35%	7.15%
145	Saint Joseph Hospital - Bellingham	405,334,925	195,185,150	52,510,740	157,639,035	9,445,262	2.33%	5.99%
32	Saint Joseph Medical Center - Tacoma	1,229,088,253	444,220,788	157,536,996	627,330,469	23,093,412	1.88%	3.68%
207	Skagit Valley Hospital	235,875,067	85,500,921	39,571,931	110,802,215	3,002,750	1.27%	2.71%
138	Stevens Healthcare	278,059,927	104,303,004	33,032,021	140,724,902	3,450,170	1.24%	2.45%

LIC #	REGION /HOSPITAL	REVENUE CATEGORIES (DOLLARS) TOTAL REVENUE	(LESS) MEDICARE REVENUE	(LESS) MEDICAL ASSISTANCE # REVENUE	ADJUSTED REVENUE	CHARITY CARE CHARITY CARE	% of TOT REV	% of ADJ REV
176	Tacoma General Allenmore Hospital	1,276,131,580	472,296,298	248,845,658	554,989,624	18,148,276	1.42%	3.27%
206	United General Hospital	63,558,334	26,159,388	8,047,551	29,351,395	1,390,866	2.19%	4.74%
104	Valley General Hospital - Monroe	74,589,979	22,137,156	12,220,926	40,231,897	3,523,518	4.72%	8.76%
156	Whidbey General Hospital	88,849,966	43,761,662	7,034,324	38,053,980	755,088	0.85%	1.98%
	PUGET SOUND REGION TOTALS	6,687,457,738	2,553,609,778	1,075,349,135	3,058,498,825	126,041,626	1.88%	4.12%
	SOUTHWEST WASHINGTON REGION (N=14)							
197	Capital Medical Center	169,653,630	65,289,646	13,454,239	90,909,745	533,974	0.31%	0.59%
63	Grays Harbor Community Hospital	193,158,130	81,661,196	30,940,182	80,556,752	1,863,625	0.96%	2.31%
8	Klickitat Valley Hospital	21,705,762	5,784,856	5,088,817	10,832,089	158,209	0.73%	1.46%
208	Legacy Salmon Creek Hospital	77,631,989	29,276,211	13,844,774	34,511,004	2,985,950	3.85%	8.65%
186	Mark Reed Hospital	7,059,940	2,064,144	1,729,290	3,266,506	163,553	2.32%	5.01%
152	Mason General Hospital	100,382,415	40,224,834	19,854,366	40,303,215	1,944,842	1.94%	4.83%
173	Morton General Hospital	16,951,520	7,341,582	2,649,044	6,960,894	142,079	0.84%	2.04%
79	Ocean Beach Hospital	26,503,207	14,996,255	3,147,254	8,359,698	747,629	2.82%	8.94%
26	PeaceHealth Saint John Medical Center	323,295,564	141,212,900	56,909,508	125,173,156	9,692,944	3.00%	7.74%
191	Providence Centralia Hospital	214,154,296	106,351,075	31,170,750	76,632,471	11,447,322	5.35%	14.94%
159	Providence Saint Peter Hospital	821,741,345	390,338,032	85,203,957	346,199,356	29,724,540	3.62%	8.59%
96	Skyline Hospital	17,650,402	6,907,256	4,023,169	6,719,977	196,501	1.11%	2.92%
170	Southwest Medical Center	788,127,185	244,963,635	110,645,778	432,517,772	14,313,645	1.82%	3.31%
56	Willapa Harbor Hospital	13,384,383	6,683,520	1,748,490	4,952,373	170,210	1.27%	3.44%
	SOUTHWEST WASHINGTON REGION TOTALS	2,791,399,768	1,143,095,142	380,409,618	1,267,895,008	74,085,023	2.65%	5.84%
	CENTRAL WASHINGTON REGION (N=21)							
158	Cascade Medical Center	7,547,538	3,803,149	418,397	3,325,992	104,421	1.38%	3.14%
168	Central Washington Hospital	261,802,504	129,566,448	40,022,159	92,213,897	5,474,835	2.09%	5.94%
45	Columbia Basin Hospital	11,714,966	3,651,335	4,021,041	4,042,590	70,941	0.61%	1.75%
150	Coulee Community Hospital	14,836,207	4,667,944	3,997,709	6,170,554	40,051	0.27%	0.65%
161	Kadlec Medical Center	357,953,983	141,140,707	51,252,028	165,561,248	9,593,283	2.68%	5.79%
39	Kennewick General Hospital	170,477,962	53,183,799	38,084,693	79,209,470	2,048,453	1.20%	2.59%
140	Kittitas Valley Hospital	53,887,357	18,958,426	6,266,380	28,662,551	967,877	1.80%	3.38%
165	Lake Chelan Community Hospital	19,796,052	6,379,641	2,576,499	10,839,912	158,929	0.80%	1.47%
915	Lourdes Counseling Center	25,359,114	4,362,599	11,846,092	9,150,423	218,126	0.86%	2.38%
22	Lourdes Medical Center	119,347,625	35,981,950	32,409,498	50,956,177	1,589,980	1.33%	3.12%
147	Mid Valley Hospital	35,440,778	13,986,824	8,775,111	12,678,843	275,934	0.78%	2.18%
107	North Valley Hospital	16,809,324	6,231,036	6,253,395	4,324,893	121,200	0.72%	2.80%
23	Okanogan-Douglas Hospital	18,982,398	7,701,262	2,819,814	8,461,322	190,166	1.00%	2.25%
46	Prosser Memorial Hospital	36,191,865	9,635,563	11,468,208	15,088,094	876,107	2.42%	5.81%
129	Quincy Valley Hospital	9,043,804	1,873,365	1,884,568	5,285,871	154,693	1.71%	2.93%
78	Samaritan Hospital	99,637,364	32,039,652	27,381,220	40,216,492	2,308,055	2.32%	5.74%
198	Sunnyside Community Hospital	53,102,654	14,515,404	18,885,614	19,701,636	964,104	1.82%	4.89%
199	Toppenish Community Hospital	52,954,635	10,266,125	19,220,899	23,467,611	507,325	0.96%	2.16%
205	Wenatchee Valley Hospital	66,396,260	26,539,447	5,709,422	34,147,391	705,688	1.06%	2.07%

LIC #	REGION /HOSPITAL	REVENUE CATEGORIES (DOLLARS) TOTAL REVENUE	(LESS) MEDICARE REVENUE	(LESS) MEDICAL ASSISTANCE # REVENUE	ADJUSTED REVENUE	CHARITY CARE CHARITY CARE	% of TOT REV	% of ADJ REV
102	Yakima Regional Medical Center	251,589,701	108,932,499	30,920,980	111,736,222	7,296,260	2.90%	6.53%
58	Yakima Valley Memorial Hospital	402,028,774	171,864,217	74,372,664	155,791,893	7,724,744	1.92%	4.96%
	CENTRAL WASH REGION TOTALS	2,084,900,865	805,281,392	398,586,391	881,033,082	41,391,172	1.99%	4.70%
	EASTERN WASHINGTON REGION (N=21)							
141	Dayton General Hospital	7,121,102	2,673,427	2,230,672	2,217,003	27,385	0.38%	1.24%
37	Deaconess Medical Center	493,347,268	192,583,586	82,008,684	218,754,998	4,004,874	0.81%	1.83%
178	Deer Park Health Center & Hospital	8,653,394	3,102,045	2,550,814	3,000,535	191,846	2.22%	6.39%
111	East Adams Rural Hospital	4,948,678	2,567,275	511,198	1,870,205	14,077	0.28%	0.75%
167	Ferry County Memorial Hospital	8,503,968	3,391,350	1,523,426	3,589,192	77,398	0.91%	2.16%
82	Garfield County Memorial Hospital	4,927,959	1,847,765	1,431,868	1,648,326	53,937	1.09%	3.27%
139	Holy Family Hospital	286,086,597	124,871,177	56,557,144	104,658,276	6,839,416	2.39%	6.53%
137	Lincoln Hospital	21,016,899	7,902,712	4,947,029	8,167,158	354,523	1.69%	4.34%
193	Mount Carmel Hospital	43,218,095	18,402,478	7,129,806	17,685,811	693,910	1.61%	3.92%
21	Newport Community Hospital	23,307,448	8,085,418	6,793,046	8,428,984	361,845	1.55%	4.29%
80	Odessa Memorial Hospital	3,722,781	912,561	1,397,866	1,412,354	28,192	0.76%	2.00%
125	Othello Community Hospital	24,658,368	4,381,618	10,373,097	9,903,653	557,268	2.26%	5.63%
172	Pullman Memorial Hospital	56,148,236	17,328,621	3,867,937	34,951,678	804,395	1.43%	2.30%
162	Sacred Heart Medical Center	1,005,573,525	465,512,253	156,919,808	383,141,464	21,004,353	2.09%	5.48%
194	Saint Joseph's Hospital of Chewelah	26,170,921	11,315,897	4,971,097	9,883,927	390,867	1.49%	3.95%
157	Saint Luke's Rehabilitation Institute	40,231,106	24,446,868	4,738,525	11,045,713	81,915	0.20%	0.74%
50	Saint Mary Medical Center	186,839,212	88,808,572	21,825,241	76,205,399	2,299,146	1.23%	3.02%
108	Tri-State Memorial Hospital	59,973,736	38,441,299	4,961,910	16,570,527	835,774	1.39%	5.04%
180	Valley Hospital and Medical Center	138,032,341	54,321,801	13,299,263	70,411,277	1,118,794	0.81%	1.59%
43	Walla Walla General Hospital	81,329,969	37,254,799	10,369,333	33,705,837	1,353,684	1.66%	4.02%
153	Whitman Community Hospital	29,446,814	14,465,354	2,589,059	12,392,401	175,107	0.59%	1.41%
	EASTERN WASH REGION TOTALS	2,553,258,417	1,122,616,876	400,996,823	1,029,644,718	41,268,706	1.62%	4.01%
	STATEWIDE TOTALS (N=94)	23,729,471,286	8,611,832,129	3,631,230,488	11,486,408,669	509,804,329	2.15%	4.44%

Includes Medicaid and other state-sponsored programs
Source: Washington Department of Health

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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 percent 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.*

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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 2006

		REVENUE CATEGORIES (Dollars)						
LIC			(LESS)	(LESS)		CHARITY CARE		
#	REGION / HOSPITAL	TOTAL REVENUE	MEDICARE REVENUE	MEDICAID REVENUE	ADJUSTED REVENUE	CHARITY CARE	% of TOT REV	% of ADJ REV
	RURAL URBAN FRINGE (N=5)							
106	Cascade Valley Hospital	63,010,896	20,526,646	9,917,065	32,567,185	557,997	0.89%	1.71%
178	Deer Park Health Center & Hospital	8,653,394	3,102,045	2,550,814	3,000,535	191,846	2.22%	6.39%
186	Mark Reed Hospital	7,059,940	2,064,144	1,729,290	3,266,506	163,553	2.32%	5.01%
21	Newport Community Hospital	23,307,448	8,085,418	6,793,046	8,428,984	361,845	1.55%	4.29%
195	Snoqualmie Valley Hospital	12,213,737	3,717,743	361,846	8,134,148	18,070	0.15%	0.22%
	TOTAL RURAL URBAN FRINGE	114,245,415	37,495,996	21,352,061	55,397,358	1,293,311	1.13%	2.33%
	SMALL TOWN/ISOLATED RURAL (N=25)							
158	Cascade Medical Center	7,547,538	3,803,149	418,397	3,325,992	104,421	1.38%	3.14%
45	Columbia Basin Hospital	11,714,966	3,651,335	4,021,041	4,042,590	70,941	0.61%	1.75%
150	Coulee Community Hospital	14,836,207	4,667,944	3,997,709	6,170,554	40,051	0.27%	0.65%
141	Dayton General Hospital	7,121,102	2,673,427	2,230,672	2,217,003	27,385	0.38%	1.24%
111	East Adams Rural Hospital	4,948,678	2,567,275	511,198	1,870,205	14,077	0.28%	0.75%
167	Ferry County Memorial Hospital	8,503,968	3,391,350	1,523,426	3,589,192	77,398	0.91%	2.16%
54	Forks Community Hospital	17,751,923	4,596,257	5,827,534	7,328,132	372,884	2.10%	5.09%
82	Garfield County Memorial Hospital	4,927,959	1,847,765	1,431,868	1,648,326	53,937	1.09%	3.27%
85	Jefferson General Hospital	64,313,789	30,402,821	7,180,604	26,730,364	1,826,372	2.84%	6.83%
8	Klickitat Valley Hospital	21,705,762	5,784,856	5,088,817	10,832,089	158,209	0.73%	1.46%
165	Lake Chelan Community Hospital	19,796,052	6,379,641	2,576,499	10,839,912	158,929	0.80%	1.47%
137	Lincoln Hospital	21,016,899	7,902,712	4,947,029	8,167,158	354,523	1.69%	4.34%
147	Mid Valley Hospital	35,440,778	13,986,824	8,775,111	12,678,843	275,934	0.78%	2.18%
173	Morton General Hospital	16,951,520	7,341,582	2,649,044	6,960,894	142,079	0.84%	2.04%
193	Mount Carmel Hospital	43,218,095	18,402,478	7,129,806	17,685,811	693,910	1.61%	3.92%
107	North Valley Hospital	16,809,324	6,231,036	6,253,395	4,324,893	121,200	0.72%	2.80%
79	Ocean Beach Hospital	26,503,207	14,996,255	3,147,254	8,359,698	747,629	2.82%	8.94%
80	Odessa Memorial Hospital	3,722,781	912,561	1,397,866	1,412,354	28,192	0.76%	2.00%
23	Okanogan-Douglas Hospital	18,982,398	7,701,262	2,819,814	8,461,322	190,166	1.00%	2.25%
125	Othello Community Hospital	24,658,368	4,381,618	10,373,097	9,903,653	557,268	2.26%	5.63%
46	Prosser Memorial Hospital	36,191,865	9,635,563	11,468,208	15,088,094	876,107	2.42%	5.81%
129	Quincy Valley Hospital	9,043,804	1,873,365	1,884,568	5,285,871	154,693	1.71%	2.93%
194	Saint Joseph's Hospital of Chewelah	26,170,921	11,315,897	4,971,097	9,883,927	390,867	1.49%	3.95%
153	Whitman Community Hospital	29,446,814	14,465,354	2,589,059	12,392,401	175,107	0.59%	1.41%
56	Willapa Harbor Hospital	13,384,383	6,683,520	1,748,490	4,952,373	170,210	1.27%	3.44%
	TOTAL SMALL TOWN/ ISOLATED RURAL	504,709,101	195,595,847	104,961,603	204,151,651	7,782,489	1.54%	3.81%

LIC #	REGION / HOSPITAL	REVENUE CATEGORIES (Dollars) TOTAL REVENUE	(LESS) MEDICARE REVENUE	(LESS) MEDICAID REVENUE	ADJUSTED REVENUE	CHARITY CARE CHARITY CARE	% of TOT REV	% of ADJ REV
	LARGE TOWN (N=14)							
63	Grays Harbor Community Hospital	193,158,130	81,661,196	30,940,182	80,556,752	1,863,625	0.96%	2.31%
134	Island Hospital	98,513,312	39,182,555	4,354,855	54,975,902	806,599	0.82%	1.47%
140	Kittitas Valley Hospital	53,887,357	18,958,426	6,266,380	28,662,551	967,877	1.80%	3.38%
152	Mason General Hospital	100,382,415	40,224,834	19,854,366	40,303,215	1,944,842	1.94%	4.83%
38	Olympic Memorial Hospital	161,495,000	86,546,471	19,417,963	55,530,566	1,861,381	1.15%	3.35%
191	Providence Centralia Hospital	214,154,296	106,351,075	31,170,750	76,632,471	11,447,322	5.35%	14.94%
172	Pullman Memorial Hospital	56,148,236	17,328,621	3,867,937	34,951,678	804,395	1.43%	2.30%
50	Saint Mary Medical Center	186,839,212	88,808,572	21,825,241	76,205,399	2,299,146	1.23%	3.02%
78	Samaritan Hospital	99,637,364	32,039,652	27,381,220	40,216,492	2,308,055	2.32%	5.74%
96	Skyline Hospital	17,650,402	6,907,256	4,023,169	6,719,977	196,501	1.11%	2.92%
198	Sunnyside Community Hospital	53,102,654	14,515,404	18,885,614	19,701,636	964,104	1.82%	4.89%
199	Toppenish Community Hospital	52,954,635	10,266,125	19,220,899	23,467,611	507,325	0.96%	2.16%
43	Walla Walla General Hospital	81,329,969	37,254,799	10,369,333	33,705,837	1,353,684	1.66%	4.02%
156	Whidbey General Hospital	88,849,966	43,761,662	7,034,324	38,053,980	755,088	0.85%	1.98%
	TOTAL LARGE TOWN	1,458,102,948	623,806,648	224,612,233	609,684,067	28,079,944	1.93%	4.61%
	TOTAL RURAL HOSPITALS (N=44)	2,077,057,464	856,898,491	350,925,897	869,233,076	37,155,744	1.79%	4.27%

Includes Medicaid and other state-sponsored programs

Source: Washington Department of Health Hospital Year-end Reports, fy 2005

Appendix 3

Charity Care Provided and Estimated, FY 2006 - 2007

License #	Hospital	City	2006 Actual	2007 Estimated
183	Auburn Regional Medical Center	Auburn	1,402,358	2,243,375
904	BHC Fairfax Hospital	Kirkland	730,808	827,034
197	Capital Medical Center	Olympia	533,974	713,156
158	Cascade Medical Center	Leavenworth	104,421	
106	Cascade Valley Hospital	Arlington	557,997	5,176,384
168	Central Washington Hospital	Wenatchee	5,474,835	5,176,384
14	Children's Hospital & Regional Med Center	Seattle	8,660,000	9,287,000
45	Columbia Basin Hospital	Ephrata	70,941	65,000
150	Coulee Community Hospital	Grand Coulee	40,051	33,100
141	Dayton General Hospital	Dayton	27,385	
37	Deaconess Medical Center	Spokane	4,004,874	5,512,434
178	Deer Park Health Center & Hospital	Deer Park	191,846	344,705
111	East Adams Rural Hospital	Ritzville	14,077	3,582
35	Enumclaw Community Hospital	Enumclaw	280,537	350,000
164	Evergreen Hospital Medical Center	Kirkland	6,388,160	8,987,390
167	Ferry County Memorial Hospital	Republic	77,398	80,000
54	Forks Community Hospital	Forks	372,884	
82	Garfield County Memorial Hospital	Pomeroy	53,937	280,519
81	Good Samaritan Hospital	Puyallup	8,163,974	
63	Grays Harbor Community Hospital	Aberdeen	1,863,625	1,600,000
29	Harborview Medical Center	Seattle	112,188,000	129,589,000
142	Harrison Memorial Hospital	Bremerton	6,509,360	8,459,184
126	Highline Community Hospital	Seattle	4,914,119	
139	Holy Family Hospital	Spokane	6,839,416	9,104,072
134	Island Hospital	Anacortes	806,599	1,278,372
85	Jefferson General Hospital	Port Townsend	1,826,372	
161	Kadlec Medical Center	Richland	9,593,283	11,051,384
39	Kennewick General Hospital	Kennewick	2,048,453	2,794,552
148	Kindred Hospital Seattle	Seattle	0	
140	Kittitas Valley Hospital	Ellensburg	967,877	1,122,088
8	Klickitat Valley Hosp	Goldendale	158,209	200,000
165	Lake Chelan Community Hospital	Chelan	158,929	111,205
208	Legacy Salmon Creek Hospital	Vancouver	2,985,950	5,940,000
137	Lincoln Hospital	Davenport	354,523	361,133
915	Lourdes Counseling Center	Richland	218,126	260,444
22	Lourdes Medical Center	Pasco	1,589,980	1,665,582
186	Mark Reed Mem Hospital	McCleary	163,553	206,278
175	Mary Bridge Children's Health Center	Tacoma	881,811	

Charity Care Provided and Estimated, FY 2006 - 2007

License #	Hospital	City	2006 Actual	2007 Estimated
152	Mason General Hospital	Shelton	1,944,842	2,136,001
147	Mid-Valley Hospital	Omak	275,934	306,005
173	Morton General Hospital	Morton	142,079	
193	Mount Carmel Hospital	Colville	693,910	572,000
21	Newport Community Hospital	Newport	361,845	366,560
107	North Valley Hospital	Tonasket	121,200	
130	Northwest Hospital	Seattle	3,181,842	
79	Ocean Beach Hospital	Ilwaco	747,629	873,711
80	Odessa Memorial Hospital	Odessa	28,192	
23	Okanogan-Douglas Hospital	Brewster	190,166	332,194
38	Olympic Memorial Hospital	Port Angeles	1,861,381	2,181,719
125	Othello Community Hospital	Othello	557,268	
131	Overlake Hospital Medical Center	Bellevue	5,074,086	4,771,989
26	PeaceHealth Saint John Medical Center	Longview	9,692,944	8,954,913
46	Prosser Memorial Hospital	Prosser	876,107	
191	Providence Centralia Hospital	Centralia	11,447,322	20,494,517
84	Providence Everett Medical Center	Everett	31,335,712	42,617,514
159	Providence Saint Peter Hospital	Olympia	29,724,540	36,966,367
172	Pullman Memorial Hospital	Pullman	804,395	733,838
129	Quincy Valley Hospital	Quincy	154,693	
202	Regional Hosp for Respiratory Care	Seattle	163,668	
162	Sacred Heart Medical Center	Spokane	21,004,353	
132	Saint Clare Hospital	Tacoma	10,916,194	11,432,000
201	Saint Francis Community Hospital	Federal Way	10,931,445	11,925,000
145	Saint Joseph Hospital	Bellingham	9,445,262	8,853,000
32	Saint Joseph Medical Center	Tacoma	23,093,412	22,842,000
194	Saint Joseph's Hospital	Chewelah	390,867	562,000
157	Saint Luke's Rehabilitation Institute	Spokane	81,915	105,873
50	Saint Mary Medical Center	Walla Walla	2,299,146	6,999,000
78	Samaritan Hospital	Moses Lake	2,308,055	2,066,022
204	Seattle Cancer Care Alliance	Seattle	2,627,411	3,249,000
207	Skagit Valley Hospital	Mount Vernon	3,002,750	4,410,749
96	Skyline Hospital	White Salmon	196,501	129,453
195	Snoqualmie Valley Hospital	Snoqualmie	18,070	280,739
170	Southwest Wash Medical Center	Vancouver	14,313,645	12,749,000
138	Stevens Healthcare	Edmonds	3,450,170	4,288,000
198	Sunnyside Community Hospital	Sunnyside	964,104	
1	Swedish Hosp Medical Center	Seattle	21,473,336	23,076,000
3	Swedish Providence Medical Center	Seattle	10,399,358	11,429,000
176	Tacoma General Allenmore Hospital	Tacoma	18,148,276	

Charity Care Provided and Estimated, FY 2006 - 2007

License #	Hospital	City	2006 Actual	2007 Estimated
199	Toppenish Community Hospital	Toppenish	507,325	623,980
108	Tri-State Memorial Hospital	Clarkston	835,774	
206	United General Hospital	Sedro Woolley	1,390,866	1,251,643
128	University of Washington Medical Center	Seattle	17,000,103	17,323,073
104	Valley General Hospital	Monroe	3,523,518	4,084,024
180	Valley Hospital Medical Center	Spokane	1,118,794	1,565,687
155	Valley Medical Center	Renton	13,387,438	16,951,015
10	Virginia Mason Medical Center	Seattle	8,149,650	
43	Walla Walla General Hospital	Walla Walla	1,353,684	
205	Wenatchee Valley Hospital	Wenatchee	705,688	
919	West Seattle Psychiatric Hospital	Seattle	47,413	36,832
156	Whidbey General Hospital	Coupeville	755,088	852,405
153	Whitman Community Hospital	Colfax	175,107	188,104
56	Willapa Harbor Hospital	South Bend	170,210	155,000
102	Yakima Regional Medical Center	Yakima	7,296,260	8,403,187
58	Yakima Valley Memorial Hospital	Yakima	7,724,744	9,019,402
	STATEWIDE TOTALS		$ 509,804,329	$ 518,981,873

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Appendix 4

Charity Care Laws

70.170.010 Intent.
(1) The legislature finds and declares that there is a need for health care information that helps the general public understand health care issues and how they can be better consumers and that is useful to purchasers, payers, and providers in making health care choices and negotiating payments. It is the purpose and intent of this chapter to establish a hospital data collection, storage, and retrieval system, which supports these data needs and which also, provides public officials and others engaged in the development of state health policy the information necessary for the analysis of health care issues.

(2) The legislature finds that rising health care costs and access to health care services are of vital concern to the people of this state. It is, therefore, essential that strategies be explored that moderate health care costs and promote access to health care services.

(3) The legislature further finds that access to health care is among the state's goals and the provision of such care should be among the purposes of health care providers and facilities. Therefore, the legislature intends that charity care requirements and related enforcement provisions for hospitals be explicitly established.

(4) The lack of reliable statistical information about the delivery of charity care is a particular concern that should be addressed. It is the purpose and intent of this chapter to require hospitals to provide, and report to the state, charity care to persons with acute care needs, and to have a state agency both monitor and report on the relative commitment of hospitals to the delivery of charity care services, as well as the relative commitment of public and private purchasers or payers to charity care funding.
[1989 1st ex.s. c 9 § 501.]

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:
*Reviser's note: RCW 70.41.020 was amended by 2002 c 116 § 2, changing subsection (2) to subsection (4).
Effective date -- 1995 c 269: See note following RCW 9.94A.850.
Part headings not law -- Severability -- 1995 c 269: See notes following RCW 13.40.005.

70.170.050 Requested studies — Costs.
The department shall have the authority to respond to requests of others for special studies or analysis. The department may require such sponsors to pay any or all of the reasonable costs associated with such requests that might be approved, but in no event may costs directly associated with any such special study be charged against the funds generated by the assessment authorized under RCW 70.170.080.
[1989 1st ex.s. c 9 § 505.]

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 that would deny access to emergency care based on ability to pay. No hospital that maintains an emergency department shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is 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 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 prepare reports that identify any problems in distribution that 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.
[1998 c 245 § 118; 1989 1st ex.s. c 9 § 506.]

70.170.070 Penalties.
(1) Every person who shall violate or knowingly aid and abet the violation of RCW 70.170.060 (5) or (6), 70.170.080, or *70.170.100, or any valid orders or rules adopted pursuant to these sections, or who fails to perform any act which it is herein made his or her duty to perform, shall be guilty of a misdemeanor. Following official notice to the accused by the department of the existence of an alleged violation, each day of noncompliance upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of this chapter may be enjoined from continuing such violation. The department has authority to levy civil penalties not exceeding one thousand dollars for violations of this chapter and determined pursuant to this section.

(2) Every person who shall violate or knowingly aid and abet the violation of RCW 70.170.060 (1) or (2), or any valid orders or rules adopted pursuant to such section, or who fails to perform any act which it is herein made his or her duty to perform, shall be subject to the following criminal and civil penalties:

(a) For any initial violations: The violating person shall be guilty of a misdemeanor, and the department may impose a civil penalty not to exceed one thousand dollars as determined pursuant to this section.

(b) For a subsequent violation of RCW 70.170.060 (1) or (2) within five years following a conviction: The violating person shall be guilty of a misdemeanor, and the department may impose a penalty not to exceed three thousand dollars as determined pursuant to this section.

(c) For a subsequent violation with intent to violate RCW 70.170.060 (1) or (2) within five years following a conviction: The criminal and civil penalties enumerated in (a) of this subsection; plus up to a three-year prohibition against the issuance of tax exempt bonds under the authority of the Washington health care facilities authority; and up to a three-year prohibition from applying for and receiving a certificate of need.

(d) For a violation of RCW 70.170.060 (1) or (2) within five years of a conviction under (c) of this subsection: The criminal and civil penalties and prohibition enumerated in (a) and (b) of this subsection; plus up to a one-year prohibition from participation in the state medical assistance or medical care services authorized under chapter 74.09 RCW.

(3) The provisions of chapter 34.05 RCW shall apply to all noncriminal actions undertaken by the department of health, the department of social and health services, and the Washington health care facilities authority pursuant to chapter 9, Laws of 1989 1st ex. sess.
[1989 1st ex.s. c 9 § 507.]

Notes:
*Reviser's note: RCW 70.170.100 was repealed by 1995 c 265 § 27 and by 1995 c 267 § 12, effective July 1, 1995.

70.170.080 Assessments — Costs.
The basic expenses for the hospital data collection and reporting activities of this chapter shall be financed by an assessment against hospitals of no more than four one-hundredths of one percent of each hospital's gross operating costs, to be levied and collected from and after that date, upon which the similar assessment levied under *chapter 70.39 RCW is terminated, for the provision of hospital services for its last fiscal year ending on or before June 30th of the preceding calendar year. Budgetary requirements in excess of that limit must be financed by a general fund appropriation by the legislature. All moneys collected under this section shall be deposited by the state treasurer in the hospital data collection account which is hereby created in the state treasury. The may also charge, receive, and dispense funds or authorize any contractor or outside sponsor to charge for and reimburse the costs associated with special studies as specified in RCW 70.170.050.

During the 1993-1995 fiscal biennium, moneys in the hospital data collection account may be expended, pursuant to appropriation, for hospital data analysis, and the administration of the health information program.

Any amounts raised by the collection of assessments from hospitals provided for in this section which are not required to meet appropriations in the budget act for the current fiscal year shall be available to the department in succeeding years.
[1993 sp.s. c 24 § 925; 1991 sp.s. c 13 § 71; 1989 1st ex.s. c 9 § 508.]

Notes:
*Reviser's note: Chapter 70.39 RCW was repealed by 1982 c 223 § 10, effective June 30, 1990.
Severability -- Effective dates -- 1993 sp.s. c 24: See notes following RCW 28A.310.020.
Effective dates -- Severability -- 1991 sp.s. c 13: See notes following RCW 18.08.240.

70.170.090 Confidentiality.
The department and any of its contractors or agents shall maintain the confidentiality of any information which may, in any manner, identify individual patients.
[1989 1st ex.s. c 9 § 509.]

70.170.900 Effective date — 1989 1st ex.s. c 9.
See RCW 43.70.910.

70.170.905 Severability — 1989 1st ex.s. c 9.
See RCW 43.70.920.

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Hospital Charity Care Rules

Last Update: June 1, 1994

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. 94-12-089, § 246-453-001, filed 6/1/94, 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), § 261-14-010, filed 12/7/84.]

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 related to the negligent acts of others which have resulted in the medical condition for which the 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 hospital's 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. 94-12-089, § 246-453-010, filed 6/1/94, 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), § 261-14-020, filed 12/7/84.]

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 hospital's 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 246-453-040, 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 must notify the responsible party of the denial and the basis for that 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 hospital's 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 hospital's 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 care designation.

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

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 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 hospital's 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.]

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 hospital's 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.]

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 hospital's billing system.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-453-050, filed 6/1/94, 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.]

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) 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 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.]

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 hospital's 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 hospital's 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 hospital's 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. 94-12-089, § 246-453-070, filed 6/1/94, 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), § 261-14-030, filed 12/7/84.]

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.]

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. 94-12-089, § 246-453-090, filed 6/1/94, 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), § 261-14-090, filed 5/16/86.]

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Appendix 5

Federal Poverty Guidelines

The 2008 Federal Poverty Guidelines for all states except Alaska and Hawaii and The District of Columbia from the Federal Register dated January 23, 2008:

Annual Income Poverty Guideline

Size of Family	2006	2007	2008
1	$9,800	$10,210	$10,400
2	13,200	13,690	14,000
3	16,600	17,170	17,600
4	20,000	20,650	21,200
5	23,400	24,130	24,800
6	26,800	27,610	28,400
7	30,200	31,090	32,000
8	33,600	34,570	35,600

For family units with more than eight members, add $3,400 for each additional member for 2006, $3,480 for 2007 and $3,600 for 2008.

These guidelines go into effect on the day they are published, January 23, 2008, with the exception of Hill Burton hospitals, which are effective sixty days from the date of publication.

Source: *Federal Register, Vol. 73, No. 15. January 23, 2008. pp. 3971-3972*