DEPARTMENT: **Business Office** ☑Downtown Campus ☑ Rosemead Campus ☑West Covina Campus	POLICY TITLE: **DISCOUNT PAYMENT**
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APPROVED BY: **Governing Board**	APPROVAL/EFFECTIVE DATE:**03/18/2019**
EFFECTIVE DATE/REVISED DATE (S): 03/18/2019, 03/18/2022, 01/23/25	
NEXT REVIEW DATE: **01/2027**	☐ RETIRED DATE:
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ATTACHMENT B
DISCOUNT POLICY

POLICY

Payment discounts may apply to those patients who do not qualify for Charity Care (free care) and whose family income is at or below 400% of Federal Poverty Level (FPL). Qualifying patients may include:

1. Uninsured patients who are unable to pay for hospital services
2. **Insured patients** with high medical costs, inadequate coverage, or demonstrated inability to pay out-of-pocket expenses.

Payment Discounts do not include administrative adjustments, courtesy discounts, or contractual adjustments associated with insurance or other third party payers.

The facility shall maintain **written documentation** supporting all determinations—whether approved or denied—including financial screening information, income verification, and basis for eligibility decisions.

PROCEDURE

Every effort shall be made to to determine a patient's financial eligibility prior to the application of any discount payment. The appropriate Accounts Receivable (A/R) Adjustment Code will be utilized to record discounts granted under this policy.

Each patient who requests a **Discount Payment determination** and appears eligible shall provide supporting documentation as required to verify **household income** with the **Business Office Representative**.

GUIDELINES FOR DISCOUNT PAYMENT DETERMINATIONS

Determination of Payment Discounts will be made based on:

- Family gross income, adjusted for family size, in accordance with Federal Poverty Guidelines published in the Federal Registration by the United States Department of Health and Human Services.
- Catastrophic illnesses where the medical expense exceeds the family's gross annual income.

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Patients qualifying for Discount Payment shall be offered a reasonablepayment plan, including the opportunity to **negotiate repayment terms** prior to any collection activity.
All patient accounts approved for Discount Payment shall be segregated, documented, and retained for audit.

ELIGIBILITY DISPUTES

Patients who disagree with a determination regarding eligibility for **Charity Care** or **Discount Payment** may request a review of the decision.

The **Business Office Manager**, **Chief Operating Officer (CEO)**, or another **designated manager** shall review and resolve all eligibility disputes or appeals in a fair and timely manner.The patient shall receive **written notice of the review outcome within thirty (30) calendar days** of the request.

No collection activity shall be initiated or continued while an eligibility dispute or appeal is pending review.

All documentation related to the dispute, including the request for review, supporting materials, findings, and the final determination—shall be maintained in the patient's financial assistance file for **audit reporting** purposes.

EXPECTED PAYMENT LIMIT

For patients determined eligible for a **Discount Payment** under this policy, the **amount the hospital charges for services** shall not exceed the amount the hospital would expect, in good faith, to receive for providing those same services from **Medicare or Medi-Cal, whichever is greater.**

The hospital shall maintain documentation supporting how the expected payment rate from Medicare or Medi-Cal was determined and applied to the patient's account.

All applicable **discounts shall be applied prior to any collection activity**, and patients shall receive a written statement identifying the discounted amount and the basis for the calculation.

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REASONABLE PAYMENT PLAN

If the hospital and the patient are unable to agree on the terms of a **payment plan** under this policy, the hospital shall establish a **reasonable payment plan.**

Under a reasonable payment plan, **the required monthly payments shall not exceed 10% of the patient's monthly family income**, after excluding deductions for **essential living expenses**.

Essential living expenses include, but are not limited to, costs for rent or mortgage, food, utilities, transportation, child care, and other necessary household expenses.

The patient shall not be subject to adverse collection activity while a reasonable payment plan is active and payments are being made in good faith.

The hospital shall document all payment plan terms, including calculation of monthly income, deductions for essential living expenses, and verification that monthly payments do not exceed the 10% threshold.

All payment plan documentation shall be maintained in the patient's financial assistance record for **audit purposes.**

DOCUMENTATION LIMITATIONS

Patients applying **only for a Discount Payment** are required to provide **limited documentation** to verify income. Acceptable forms of income verification include **either**:

- **Recent pay stubs**, **or**
- **A copy of the most recent federal income tax return.**