

Affirmed Continuation: May 10, 2018

Originally Adopted: November 13, 2014

United Church Homes, Inc.

Benevolent Care Allocations Policy Statement

Purpose: As an IRC 501(c)(3), not for profit corporation, UCH strives to provide and demonstrate its community benefit contributions. This Benevolent Care Allocations Policy Statement shall provide guidance to UCH in determining allocation of Benevolent Care funds available to UCH's health care communities and individual residents within the campuses and recommended funding levels to Advancement Committee of Board for consideration and approval. The term "Compassionate Care" has the same meaning herein as "Benevolent Care", with the term "Benevolent Care" being used throughout in the remainder of this Policy Statement.

Applicable Policy Statement Cross-references: The "Admission and Benevolent Care Policy Statement" identifies eligibility and criteria applied to determination of Benevolent Care for independent living residents and assisted living residents.

UCH recognizes Benevolent Care as services provided to independent living, assisted living, and skilled nursing residents unable to pay and/or subsidized through the Ohio Department of Health Medicaid (Medicaid) program (as to assisted living or skilled nursing residents). Allocation and application of Benevolent Funds to eligible persons are determined in the following manner

- A. Benevolent Care Funds to Independent Living and Assisted Living Residents who are unable to pay, with no third-party financial support.
1. Benevolent Care is defined as the forgiveness or discounting of monthly fees for a Resident's unit and services at the applicable community, for independent living or assisted living resident who have income that is not sufficient to cover the monthly fees (in whole or in part), who have exhausted their assets/funds through no fault nor deliberate act to cause their inability to pay, and meet the approval criteria for Benevolent Care described, below.
 2. Request -To be considered as a recipient of Benevolent Care Funds, a Resident and/or resident representative shall complete the Benevolent Assistance Application which supplements this policy. UCH staff may also identify residents for eligibility determination, and the Benevolent Assistance Application shall be completed for such resident.
 3. Determination –The determination of whether a Resident shall be granted Benevolent Care Funds shall be made pursuant to the Independent Living/Assisted Living Resident Application Process, which supplements this policy. If Benevolent Care Funds are granted to a Resident, the determination will address eligibility for past, current and future periods as deemed appropriate.
 4. Adjustment Application to Account(s) - Applicable accounts receivables (billed services) and accounting periods (past, present and/or future) will be credited using appropriate Benevolent Care Adjustment Codes.
 5. Request for funds - Annually, each health care community will summarize the adjustments to the Benevolent Care account.
 - i. This procedure will be completed by Finance and Revenue Cycle staff and then approved by the community Administrator.

- ii. UCH Advancement, Treasury and Senior Management staff will prepare summarization of Benevolent Care provided and applicable funds available.
 - iii. The summary report, and Management’s recommendation for fund release will be submitted to the Advancement Committee of the Board for consideration and approval.
 - iv. Upon Advancement Committee approval, Treasury Management will release Benevolent Funds from Temporary Restricted to Unrestricted funds.
6. Calculation of Funding Amount – Funding availability will be made to the extent that the health care community or UCH has available funds in Temporary Restricted Benevolent Care Fund account(s) that are eligible for use at the health care community.
- i. Based on the most recently filed (past year) Medicaid Cost Report, the calculated/identified average ***“Cost to Charge” (1)*** ratio will be applied to the submitted Benevolent Care Adjustments report.
 - ii. Advancement Committee (or, in the case of Pilgrim Manor the Pilgrim Manor Foundation Board) and Treasury Management will release funds based on the calculation and make adjustments to the health care community financial statements.
 - iii. In the event that the calculated funding request exceeds available funds and/or at the discretion UCH Senior leadership, funding may be limited to a lower amount.

B. Benevolent Care Funds to supplement funding of Medicaid eligible residents (Contractual Allowance)

- 1. Determination – In accordance with the “Admissions and Benevolent Care Policy Statement”, the health care community Executive Director/Administrator, supported by Finance and Revenue Cycle staff, will annually make determination of Medicaid eligible Residents and total billed and subsidized (reimbursed) services. The determination will address eligibility for past and current services.
- 2. Adjustment Application to Account(s) – No action step is required for Benevolent Care application at the individual resident account(s) receivable level.
- 3. Request for funds - Annually, each health care community’s Medicaid revenues and payment subsidy will be summarized.
 - i. This procedure will be completed by Finance and Revenue Cycle staff and then approved by the community Administrator.
 - ii. UCH Advancement, Treasury and Senior Management staff will prepare summarization of Benevolent Care provided and applicable funds available.
 - iii. The summary Benevolent Care- Medicaid Adjustments report, and Management’s recommendation for fund release will be submitted to the Advancement Committee of the Board for consideration and approval.
 - iv. Upon Advancement Committee approval, Treasury Management will release Benevolent Funds from Temporary Restricted to Unrestricted funds, with corresponding offset of the Benevolent Care adjustment charges.
- 4. Calculation of Funding Amount – Funding availability will be made to the extent that the health care community or UCH has available funds in Temporary Restricted Benevolent Care Fund account(s) that are eligible for use at the health care community.

- i. Based on the most recently filed (past year) Medicaid Cost Report, the calculated/identified average **“Cost to Medicaid Payment” (2)** ratio will be applied to the submitted Benevolent Care – Medicaid Adjustments report Medicaid Payments.
- ii. Advancement and Treasury Management will release funds based on the calculation and make adjustments to the health care community financial statements.
- iii. In the event that the calculated funding request exceeds available funds and/or at the discretion of Advancement and UCH Senior leadership, funding may be limited to a lower amount.

iv. Example calculation methodology:

Data source - health care community financial statements and prior year Medicaid Cost Report

Total Health Care Charges	\$4,000,000	A
Medicaid Charges	\$1,000,000	B
Medicaid Payments	\$ 500,000	C
Medicaid Costs (per cost report)	\$ 730,000	D
(1) Cost to Charge Ratio	73%	(D/B) (730,000/1,000,000)
(2) Cost to Medicaid Payment Ratio	32%	(1-(D/C)) (1-(500,000/730,000))