

Charity Care

Presentation to the Joint Working Group on Certificate of Public Need Reform

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Conditioning Authority

- The Code of Virginia directs the Board of Health to promulgate regulations to authorize the State Health Commissioner to condition COPNs on the applicant's agreement to provide a level of care at a reduced rate to indigents or to facilitate the development and operation of primary medical care services.
(Code of Virginia § § 32.1-102.2 and 32.1-102.4)
- The Regulations allow the Commissioner to condition the approval of an application for a project "on the agreement by the applicant to provide an acceptable level of care at a reduced rate to indigents" or "to facilitate the development and operation of primary medical care services in designated medically underserved areas of the applicant's service area"
(12VAC5-220-270)



Definitions

- “Indigent” means any person whose gross annual family income is equal to or less than 200 percent of the Federal Non-Farm Poverty Level as published for the then current year in the Code of Federal Regulations. This equates to individuals whose household income is at income levels A through E as defined in the Virginia Administrative Code at 12VAC5-200-10.
- “Charity care” means health care services delivered for which it was determined at the time of service provision that no payment was expected.
- “Indigent Care” means health care services delivered as charity care to patients who are indigent.



Conditioning Background

- In 2004
 - Guidance Document issued, and
 - Conditions were written to include the option for COPN holders to “facilitate the development and operation of primary medical care services” by making a payment to a safety net provider as a means to meet conditions.



Application of Conditions

- Application of Conditions at Commissioner's discretion
 - There are no statutory or regulatory provisions that prescribe how or when conditions are to be applied
- Recommendation to condition based on 3 factors:
 - Is the applicant proposing a new facility such that there is no history of providing charity care?
 - Did the applicant provide charity care at a rate less than the regional average during the most recent year for which Virginia Health Information has data?
 - Did the applicant proffer providing charity care at a rate higher than the regional average as part of the application?
- Applied condition generally follows the recommended level.



Compliance with Conditions

- Applicants are required to report compliance efforts annually.
- Applicants report:
 - Gross Patient Revenue for the conditioned service
 - The total dollar value of the charity care required by the condition
 - The total dollar value of the charity care provided by the conditioned service
 - The number of patients served by the conditioned service
 - The number of patients who received charity care under the condition
 - Contributions and/or expenditures made to facilitate the development and operation of primary care under the condition



Penalties for Non-Compliance with Conditions

- Applicants who willfully refuse, fail or neglect to honor the conditioned agreements shall be subject to a civil penalty of \$100 per day per violation.
(Code of Virginia § § 32.1-102.4)



Compliance with Conditions: Performance

There are:

- 693 Conditioned COPNs that have been Issued
- 196 Conditioned COPNs Active
- 82 Conditioned COPNs not yet completed

In 2015

- \$1.53 billion worth of care reported as provided in compliance with conditions
- \$28.4 million in cash contributions to safety net providers made in compliance with conditions

Questions?