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**Senate Bill 71 (SB71) Annual Indigent Care Reporting  
Union County General Hospital  
Calendar Year 2021**

**Safety Net Hospital Serving a Large Low Income and Indigent Population**

UCGH is a Medicare-designated Critical Access Hospital (CAH) in Clayton, New Mexico, which means that it is at least 35 miles from the nearest hospital. In fact, the nearest hospital provider is Cimarron Memorial Hospital, which is 44 miles from the UCGH campus.

Hospital Name	Category	City	Distance (miles)
Cimarron Memorial Hospital	Critical Access Hospital	Boise City, Oklahoma	44
Coon Memorial Hospital	Critical Access Hospital	Dalhart, Texas	48

UCGH provides care to a community with a large population of low-income (Medicaid) and uninsured individuals; in 2021, roughly \$4 million in charges for patient care at the hospital, or 24% of total charges, were for services provided to Medicaid beneficiaries and the uninsured. With almost one fourth of patient claims being paid below the cost of providing the care, UCGH bears a significant burden of the cost for treating the low-income and uninsured of its community.

The federal and state governments have allocated funding through various Medicaid supplemental payment programs to help alleviate this burden; however, these funds do not eliminate the difference between the cost of services and reimbursement.

The below table illustrates the unreimbursed cost of providing care to the indigent population in the fiscal year ended June 30, 2021.

Category	Total Charges (000s)	Estimated Cost of Services (000s)	Claim Payments (000s)	Cost Longfall / (Shortfall) (000s)	Supplemental Payments (000s)	Adjusted Cost Longfall / (Shortfall) (000s)
Medicaid	2,900	1,770	1,030	(740)	710	(30)
Uninsured	1,100	500	10	(490)	0	(490)
<b>Grand Total</b>	<b>4,000</b>	<b>2,270</b>	<b>1,040</b>	<b>(1,230)</b>	<b>710</b>	<b>(520)</b>



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### **Financial Assistance Plan (FAP)**

UCGH strives to ensure that the financial capacity of people who need healthcare services does not prevent them from seeking or receiving care.

In 2021, UCGH wrote off roughly \$300k of patient charges to charity care for patients who followed the procedures outlined in the FAP. To qualify for charity, patients are required to submit a charity application along with the supporting documentation to substantiate that their income level falls within the qualifying criteria in the FAP. If the patient does not provide the necessary information or cooperate with the financial advisors, UCGH cannot determine the patient's eligibility. Any uninsured or low-income patient that does not qualify for charity is due to either their not having completed the necessary steps to apply or having a family income above the qualification threshold. ***Consequently, it is impossible for UCGH to quantify the total charges that were written off to bad debt that relate to patients who likely would have qualified for charity.***

For purposes of the form SB 71, UCGH is reporting no charges written off to bad debt for patients who qualified for financial assistance under the FAP. The hospital's policy is to write any unpaid account balances qualifying for financial assistance off to charity.

### **Bad Debt Expense**

In 2021, UCGH booked \$1.44M of bad debt expense on the general ledger; however, this amount represented the net of general ledger bad debt allowance adjustments on accounts receivable and actual bad debt write-offs posted to patient accounts. In reality, UCGH wrote off only a net of \$16k in patient account balances to bad debt during the calendar year 2021. ***Consequently, UCGH is using \$16k as the denominator for purposes of determining the percentage of total bad debt expense attributable to patients that qualified for the financial assistance program.***