



The Intelitech Group™, a premier analytics provider for the collections industry, provides consulting and technology solutions to help agencies work smarter to achieve optimal results.

Leveraging industry expertise and market intelligence with latest technology innovations, The Intelitech Group brings extensive knowledge, insights and practical tools to help agencies delve deep into all facets of the organization to measure, analyze and implement results-oriented solutions.

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Introduction to Presumptive Charity

The Intelitech Group provides a presumptive charity solution based on a charity score assigned at the individual patient level. Using this score, patient billing offices are able to meet internal write-off requirements while providing a community service through forgiving account balances for those in financial distress. It also addresses a fundamental challenge with most hospital charity processes: that a patient must understand the application process and then ask for assistance. Eligible accounts are considered for charity equally, regardless of the patient's ability to complete an application for assistance.

To ensure the accounts written-off are truly for those most in need, they are evaluated based on the following standards:

- Available Household Income
- Household Size
- Capacity to Make Payment
- Over-Extension

With a statistical margin of error less than 5%, Presumptive charity scoring has become a standard solution for healthcare organizations, especially when considering the high cost and inefficient manual practices otherwise in place.

Presumptive Charity Score is a numerical representation of a patient's income compared to the current *Federal Poverty Guidelines (FPG)*, combined with their ability to pay.

Customized Analysis of Charity Score

The Intelitech Group's analytics solutions provide the healthcare organization insight into overall account complexion in a way not previously available. **Figure 1** shows an example of a customized presumptive charity report. This report cross-references Probability and Percentage of FPG, and clearly identifies the portions of the organization's inventory where payment is most likely to occur.

Figure 1: Customized Presumptive Charity Report

Percentage of Federal Poverty	Prob	Prob	Prob	Prob	Prob	Prob	Prob	Prob	Prob	Prob	Sum:
	(0)	(1)	(2)	(3)	(4)	(5)	(6-10)	(11-20)	(21-35)	(36-99)	
50%	\$350	\$0	\$1,053	\$12	\$111	\$0	\$949	\$3,551	\$702	\$1,729	\$8,456
100%	\$0	\$0	\$246	\$1,120	\$439	\$560	\$4,003	\$11,055	\$7,815	\$4,312	\$29,550
150%	\$0	\$0	\$160	\$385	\$3,077	\$1,971	\$8,339	\$29,436	\$22,205	\$26,554	\$92,128
200%	\$0	\$0	\$0	\$1,657	\$1,430	\$544	\$1,443	\$3,502	\$5,215	\$11,136	\$24,927
250%		\$0	\$0	\$0	\$0	\$200	\$120	\$2,610	\$5,844	\$2,518	\$11,292
300%				\$0	\$0		\$0	\$405	\$0	\$68	\$473
350%					\$0	\$0	\$0	\$0	\$0		\$0
400%								\$0	\$0		\$0
450%				\$0				\$0	\$0		\$0
500% Plus									\$0		\$0
Sum:	\$350	\$0	\$1,459	\$3,174	\$5,057	\$3,275	\$14,855	\$50,559	\$41,781	\$46,317	\$166,827

Using that cross-referencing, we are now able to separate the organization's inventory into tiers, as seen in **Figure 2**. A further use of that tiered structure can be to evaluate accounts within the industry write-off standard of 200% FPG and below.

Figure 2: Organization's Inventory Separated into Tiers

Tiers	Gross Collected	% of \$'s	% of Accounts	% of \$'s Placed	Dollars Placed	Liq Rate	% of	# of Accts	Average Balance	Avg. Letters Per Account
No Data	\$8,096.78	4.85%	8.73%	8.24%	\$563,982	1.44%	5.36%	925	\$609.71	3.47
Tier 1 Presumptive	\$932.40	0.56%	3.49%	4.64%	\$317,086	0.29%	12.18%	370	\$856.99	2.93
Tier 2 Secondary	\$22,827.27	13.68%	13.10%	16.73%	\$1,144,696	1.99%	15.94%	1,387	\$825.30	3.93
Tier 3 Non-Charity	\$134,970.31	80.90%	74.67%	70.39%	\$4,815,211	2.80%	66.52%	7,908	\$608.90	4.32
Totals	\$166,826.71	100.00%	100.00%	100.00%	\$6,840,975	2.44%	100.00%	10,590	\$645.98	4.15

In **Figure 3**, we see that simply writing off everything below 200% FPG includes a significant portion of accounts we now know to be outside the presumptive charity window. By using the charity score-based tiers to determine actual write-offs, healthcare organizations can now realize significant savings while maintaining both organizational policy compliance and community service standards.

Figure 3: Write off below 200% Example

FPG Comparison	Tiers	Gross Collected	% of S's	% of Accounts	% of \$'s Placed	Dollars Placed	Liq Rate	% of Effort	% of Accts	Average Balance
FPG 200% or Less	Tier 1 Presumptive	\$932	0.63%	3.98%	5.17%	\$308,988	0.30%	11.79%	365	\$846.54
	Tier 2 Secondary	\$22,627	15.40%	14.48%	18.49%	\$1,105,899	2.05%	12.66%	1,329	\$832.13
	Tier 3 Non-Charity	\$123,405	83.97%	81.54%	76.35%	\$4,567,168	2.70%	75.55%	7,485	\$610.18
FPG 200% or Less		\$149,956	88.09%	86.68%	87.44%	\$5,982,055	2.46%	88.55%	9,179	\$651.71

Form 990 Schedule H

Presumptive charity scoring has been in use for several years, and is rapidly becoming an industry standard for determining charity write-off. Both flexible in application and consistent in statistical relevance, it is aligned closely with both the letter and the spirit of IRS charity guidelines. While The Intelitech Group does not provide tax advice regarding Form 990 Schedule H, an example of how an organization might respond to the question of how they determine eligibility for free or discounted care might be:

“The hospital subscribes to an analytics solution that utilizes historical data silos combined with household economic systems that produce a relative value for each account’s level of poverty when considering real factors such as employment, historical payment history, type of services rendered, etc. The hospital *does not* simply write-off based on an expression of FPG alone. This system better serves the community through finding those most in need while simultaneously the least capable of paying.”

For more information please consult with your tax professional.

Contact us to learn more about our Presumptive Charity score



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