

Diamond State Hospital Cost Review Board Hospital Working Session Meeting

Delaware Department of Health and Social Services
(DHSS)

Herman M. Holloway Sr. Health and Social Services
The Chapel Building
1901 N. DuPont Highway
New Castle, DE 19720

October 5, 2026



Agenda

- I. Welcome/Call to Order
- II. Delaware Healthcare Association Presentation
- III. Addressing Public Comments on 5003 Hospital Information Regulation
- IV. Current Landscape of Delaware Hospital Financial Assistance Policies
- V. Crosswalk Current Hospital Financial Assistance Policies with Statutory Requirements
- VI. Recommendations
- VII. Discussion
- VIII. Public Comments
- IX. Next Steps & Close





Hospital Financial Assistance in Delaware

Charity Care Reporting · Income Thresholds · Board Duties and DHA Input ·
Current Hospital Landscape · Recommendations for § 9963(b)

Hospital Technical Working Session · Diamond State Hospital Cost Review Board

Agenda

Agenda Item	Time
Welcome	10:00 AM – 10:05 AM
Delaware Healthcare Association Presentation	10:05 AM – 10:20 AM
Addressing Public Comments on 5003 Hospital Information Review Regulation	10:20 AM – 10:30 AM
Current Landscape of Delaware Hospital Financial Assistance Policies	10:30 AM – 10:45 AM
Crosswalk Current Hospital Financial Assistance Policies with Statutory Requirements	10:45 AM – 11:00 AM
Recommendations	11:00 AM – 11:15 AM
Discussion	11:15 AM – 11:45 AM
Public Comment	11:45 AM – 11:55 AM
Next Steps & Close	11:55 AM – 12:00 PM



Delaware Healthcare Association Presentation



Addressing Public Comments on 5003 Hospital Information Review Regulation

Addressing Public Comments from 5003 Hospital Information Review Proposed Regulation

Date Received	Commenter	Comment	Proposed Next Steps
9/9/26	Patti Drago	Recommendation that Regulation 5003's Uniform Reporting Manual and/or the Board's annual reporting guidance require hospitals with affiliated captive insurers to provide a concise captive/related-party insurance reconciliation showing, at a minimum: • premiums, assessments, and capital contributions paid to the captive; • claims and loss-adjustment expenses paid; • reinsurance and other material expenses paid outside the affiliated hospital system; • investment income or gains; • changes in loss reserves and surplus/net assets; • dividends, distributions, or other transfers returned to hospital affiliates; and beginning and ending captive assets or net assets and outstanding actuarial loss reserves.	• Invite hospitals to present to the Board about their captive insurance programs, including offshore captives. • Gather publicly available information through IRS 990 Schedules: • R (Related Orgs and Unrelated Partnerships) • F (Statement of Activities Outside the US) • L (Transactions with Interested Persons), if there were any large transactions



Current Landscape of Delaware Hospital Financial Assistance Policies

Charity Care vs. Bad Debt

Comparison	Charity Care / Financial Assistance	Bad Debt
Definition	Free or discounted medical services provided under a hospital's financial assistance policy.	Unpaid bills for patients who were initially expected to pay.
Payment expectation	Expectation of a reduced payment up to the full amount (i.e., no payment).	Full or partial payment expected.
How it is determined	The patient qualifies at some point before or during the collections process based on fulfilling the financial criteria in the hospital's policy – through application or other means.	Recorded after standard billing and collection efforts fail. Bad debt may also result when a patient does not apply for assistance.
Financial treatment	Excluded from net revenue.	Reported as an operating expense.

Considerations For How Uncompensated Care is Booked

Consideration	Charity care	Bad debt
Non-profit status	Qualifies as a community benefit based on IRS Section 501(r).	n/a
Traditional Medicare patients	May increase share of national uncompensated care payments.	Reimbursed at 65% of allowable costs.
Non-Traditional Medicare patients	Equivalent – may increase share of national uncompensated care payments.	Equivalent – may increase share of national uncompensated care payments.

 Same mechanism through Medicare's national Uncompensated Care Pool for distribution to Disproportionate Share Hospitals.

IRS Form 990: Nonprofit Hospital Monitoring

- Nonprofit and public hospitals are exempt from federal and state income taxes in exchange for providing services to their communities.
- Like all non-profits, the IRS requires hospitals to file an annual Form 990 to disclose information, including:
 - Community benefit
 - **Charity care**
 - Medical education and research
 - Executive compensation
- Charity care represents free or discounted care to patients with a demonstrated inability to pay.
- Values reported to the IRS reflect net cost (cost of care minus any offsetting payments received).
- Charity care does not include bad debt.

Current Charity Care Reporting: IRS Form 990

Charity care in Delaware cannot be completely isolated because Nemours files one national return covering operations in multiple states, so it is shown for reference only.

Excluding Nemours, Delaware hospitals provided an average of \$39 million in net charity care each year, totaling nearly \$200 million from fiscal year 2020 to 2024.

Amount of net charity care reported - millions

Hospital	2020	2021	2022	2023	2024	Average	Trend
Statewide (excl. Nemours)	\$43	\$36	\$31	\$42	\$44	\$39	
ChristianaCare Health Services	\$22	\$16	\$12	\$16	\$17	\$17	
Bayhealth (Kent + Sussex)	\$9	\$10	\$11	\$14	\$19	\$13	
Nanticoke	\$4	\$4	\$2	\$5	\$2	\$4	
Beebe	\$3	\$3	\$4	\$4	\$3	\$3	
St Francis	\$4	\$3	\$2	\$3	\$3	\$3	
<i>Nemours (national)</i>	<i>\$12</i>	<i>\$18</i>	<i>\$14</i>	<i>\$20</i>	<i>\$40</i>	<i>\$21</i>	

Source: IRS Form 990 Schedule H, Part I line 7a (financial assistance at cost, net of offsetting revenue). Fiscal year = year the fiscal year ends. Average = 5-year mean.

Charity Care as a Share of Total Expense

Net charity care ranged from 0.4% to 3.1% of a hospital’s total expenses. Statewide (excluding Nemours), charity care was 0.8% to 1.2% of expenses each year and 1.0% for the period in total.

Charity care is only one component of the community benefit reported by hospitals to the IRS. In fiscal year 2024 filings, total net community benefit totaled at 8.8% of total expenses statewide, ranging from 5.6% to 11.8% per employer.

Ratio of net charity care to total hospital expenses

Hospital	2020	2021	2022	2023	2024	Average
Statewide (excl. Nemours)	1.2%	1.0%	0.8%	0.9%	0.9%	1.0%
Nanticoke	2.6%	2.7%	1.4%	3.1%	1.4%	2.2%
St Francis	2.4%	1.5%	1.5%	1.6%	2.1%	1.8%
Bayhealth (Kent + Sussex)	1.3%	1.3%	1.2%	1.5%	1.8%	1.4%
ChristianaCare Health Services	1.1%	0.8%	0.5%	0.6%	0.6%	0.7%
Beebe	0.8%	0.7%	0.8%	0.8%	0.4%	0.7%
Nemours (national)	0.9%	1.2%	0.9%	1.1%	1.9%	1.2%

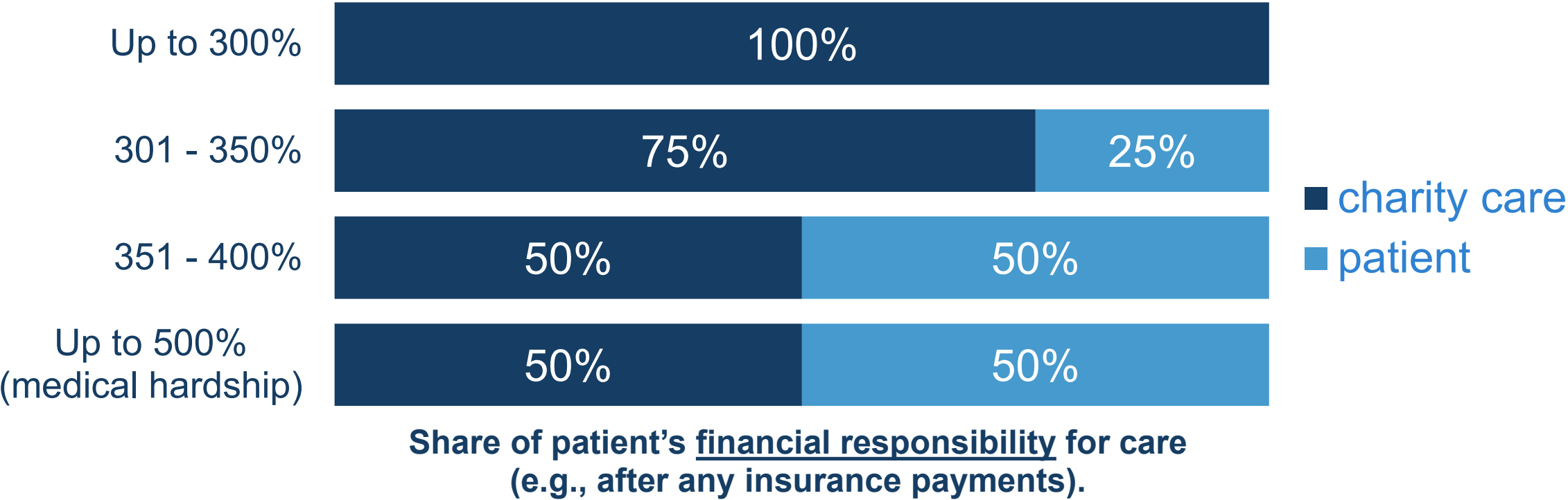
Source: IRS Form 990 Schedule H, Part I. Ratio = net charity care / Schedule H total expense. Average = 5-year total charity care / 5-year total expense. Community benefit excludes Nemours.



Review Program Income Thresholds

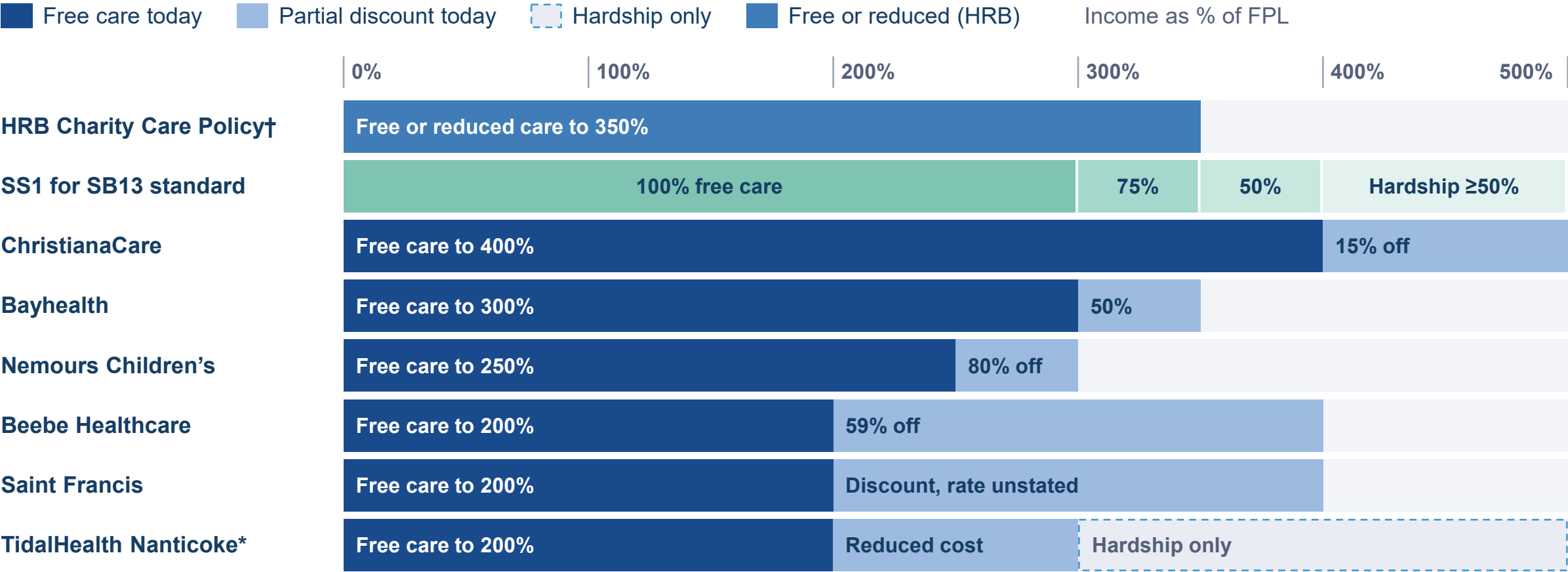
EFFECTIVE 1 JANUARY 2027 FOR DELAWARE RESIDENTS

These represent **minimum assistance**.
Hospitals may provide additional assistance, but not less.



Current Assistance vs. the Statutory Income Tiers

SS1 for SB13



The tiers are set in law and every hospital must meet them by **1 January 2027**; four of six will raise their free-care line.

* Bar reflects TidalHealth's published scale, which was verbally confirmed verbally at the working session.
† HRB Charity Care Policy (HRMP Sec. V, 2017): uninsured or underinsured patients at or below 350% FPL; free care or an income-based sliding fee scale.



Review Board Duties and Requirements calling for DHA Input

Shall establish by regulation, **with input from the Delaware Healthcare Association:**

- Establish categories of information/documentation hospitals may request from applicants.
 - Information is limited to what's reasonably necessary to verify income and household size (hospitals cannot ask for anything outside these categories).
- Establish categories of presumptive eligibility (e.g., enrollment in income-based public benefits, subsidized housing residency, homeless services receipt, or other income indicators).
- Establish methodologies for identifying presumptively eligible patients (historical data, predictive modeling, etc.)
 - The Board may require, permit, or restrict specific methodologies.
- Establish by regulation that recipients must be Delaware residents.



Current Landscape of Delaware Hospital Financial Assistance

Current Landscape: Background

REVIEW SCOPE

6 hospitals • 3 source types • Accessed mid-September 2026

FHC reviewed public-facing financial assistance policies, policy summaries, and applications.

SOURCES REVIEWED

Bayhealth

bayhealth.org ↗

Beebe

beebehealthcare.org ↗

ChristianaCare

christianacare.org ↗

Nemours

nemours.org ↗

Saint Francis

trinityhealthma.org ↗

TidalHealth

tidalhealth.org ↗

COMPARISON APPROACH

Available content, level of detail, and policy dates varied. FHC standardized the information for cross-hospital comparison and welcomes corrections or updates.

At a Glance: Current Policies vs. § 9963(b)

Current Policy Alignment Across § 9963(b) Standards



(b)(1) Documentation Income proof only	—	ChristianaCare Bayhealth · Beebe Saint Francis · Nemours	TidalHealth Nanticoke	—
(b)(2) Presumptive categories Named qualifying circumstances	—	Saint Francis TidalHealth Nanticoke Nemours	ChristianaCare Bayhealth	Beebe
(b)(3) Presumptive methods Proactive screening	—	ChristianaCare Beebe TidalHealth Nanticoke	Bayhealth Nemours	Saint Francis
(b)(4) Delaware residency Any Delaware resident	Bayhealth TidalHealth Nanticoke	Beebe Saint Francis	ChristianaCare	—

Status reflects current policy language. Supporting policy details appear on the next four slides.

§ 9963(b)(1) Documentation Requirements Today

Aligned means: the hospital asks only for proof of income, with no asset tests and no requirement to apply for other programs first.

Hospital	In the hospital's own words	Assessment
ChristianaCare	Policy: <i>"Patient/guarantor will be required to provide 3 months of bank statements and copies of documents to substantiate income level"</i> Application: (on the Medicaid denial letter) <i>"We will not review your application without this letter."</i>	GAP Bank statements, ID and a Medicaid denial letter go beyond proof of income.
Bayhealth	Application: <i>"We will also need copies of your bank statement for the last (3) months and last years Federal and State Tax Return."</i> Application: also asks for "MONTHLY HOUSEHOLD EXPENSES"	GAP Bank statements, household expenses, and home and vehicle values.
Beebe Healthcare	Policy: <i>"Bank Statements from the most recent month for all accounts"</i> Policy: <i>"A patient may be deemed ineligible under the policy if the patient has disposable assets that exceed \$7500 per household."</i>	GAP A \$7,500 asset cap and statements for every account.
Saint Francis	Application: <i>"Past Two months Complete Bank Statements for all bank accounts, with all pages included"</i> Application: <i>"return within 10 days"</i>	GAP Two months of statements for every account, due in 10 days.
TidalHealth Nanticoke	Application: <i>"You may be required to supply proof of your income."</i> Policy: <i>"Patients will be required to sign a Credit Investigation Release when applying for charity."</i>	PARTIAL Income-focused form, but expenses are reviewed and a credit release is required.
Nemours Children's	Policy: <i>"applicants for the NFAP are required to apply for all applicable state and/or federally supported assistance programs prior to qualifying for the NFAP."</i>	GAP No document list, but patients must apply to other programs first.

§ 9963(b)(2) Presumptive Categories Today

Aligned means: the policy names specific circumstances, such as benefits enrollment, subsidized housing or homelessness, that qualify a patient without a full application.

Hospital	In the hospital's own words	Assessment
ChristianaCare	Policy: <i>"Presumptive eligibility decisions will be made on a case-by-case basis."</i> Policy: circumstances include <i>"Participation in Women's Infants and Children's (WIC) program"</i>	PARTIAL Lists the right kinds of circumstances, but applies them case by case.
Bayhealth	Policy: <i>"Once Bayhealth confirms the patient is a migrant worker or homeless, the account may be written off at 100% under the Financial Assistance program."</i>	PARTIAL Two categories only; no benefits-enrollment categories.
Beebe Healthcare	Policy: <i>"Is homeless or resides in low income/subsidized housing."</i> Policy: <i>"Is currently eligible for Rx Assistance, SNAP/Food Stamps or WIC."</i>	ALIGNED Named categories qualify for 100% without a completed application.
Saint Francis	The policy covers "patients presumptively eligible for financial assistance" but names no qualifying circumstances.	GAP Presumptive eligibility comes only from its predictive model.
TidalHealth Nanticoke	The policy names no presumptive categories.	GAP No presumptive route.
Nemours Children's	The policy names no presumptive categories.	GAP No presumptive route.

§ 9963(b)(3) Presumptive Methods Today

Aligned means: the hospital screens patients proactively, for example with data or a predictive model, rather than waiting for them to apply.

Hospital	In the hospital's own words	Assessment
ChristianaCare	Policy: <i>"ChristianaCare will not use a credit report but will accept a letter from a qualifying program indicating low income and eligibility."</i>	GAP Depends on a letter the patient supplies; no screening.
Bayhealth	Policy: <i>"Bayhealth has a presumptive charity program whereby all uninsured patients will be screened for financial assistance."</i> Policy: <i>"Bayhealth utilizes PARO for presumptive charity scoring."*</i>	PARTIAL Screens every uninsured patient; presumptive approvals last 90 days.
Beebe Healthcare	The policy lists presumptive categories but describes no screening method.	GAP Patients must be identified case by case.
Saint Francis	Policy: <i>"Trinity Health will utilize a predictive model to qualify patients for Financial Assistance presumptively."</i> Policy: <i>"Presumptive eligibility for Financial Assistance may be determined at any point in the revenue cycle."</i>	ALIGNED Predictive model, usable at any point in the revenue cycle.
TidalHealth Nanticoke	The policy describes no screening method.	GAP No proactive screening.
Nemours Children's	Policy: <i>"...when there is insufficient information provided by the family... may be supported by external publicly available data sources, such as credit scoring organizations"</i>	PARTIAL Data used only to fill gaps in an application, not to screen.

* Bayhealth provided verbal update on 10/5/2026 to indicate use of Waystar instead of PARO.

§ 9963(b)(4) Delaware Residency Today

Aligned means: any Delaware resident qualifies, and residency can be shown simply, for example by address or attestation.

Hospital	Who qualifies (own words)	Proof of residency (own words)	Assessment
ChristianaCare	Application: “You are a resident of Delaware or in one of the following neighboring counties” Policy: “residents living within ChristianaCare’s primary service areas in Delaware, Pennsylvania, Maryland and New Jersey”	Application: “Government issued Identification for Patient & Spouse (for example, driver’s license, Passport, Visa, Permanent resident card)” Application: also asks “Patient U.S. Citizen”	PARTIAL Covers all of Delaware. Any government ID is accepted, not only a Delaware one, but the form asks citizenship status.
Bayhealth	Policy: “patients in the Kent and Sussex counties and surrounding areas”	None requested. The application asks only for a “Home Address.”	NOT STATED No residency test or proof; one will need to be added.
Beebe Healthcare	Policy: “Residents of Beebe’s primary service area eligible for charity policy are:” followed by a list of 17 Sussex County ZIP codes	Policy: “Proof of residency as verified by Delaware driver’s license” Application: “Copy of Delaware Drivers License or State issued ID”	GAP 17 ZIP codes only. The policy requires a Delaware driver’s license; the application also accepts a state-issued ID. Waivable for emergencies.
Saint Francis	Policy: “patients that reside in the Service Area” Policy: defines the Service Area as “a list of zip codes in which the patients reside.”	No ID requested. The application asks “What state are you a resident of?” and “Are you a documented resident of the United States?” (with a “Prefer Not to Answer” option).	GAP ZIP-code service area, not statewide; residency is self-reported.
TidalHealth Nanticoke	The policy states no residency requirement.	None requested. The application asks only for a “Home address” (with country).	NOT STATED Maryland and Delaware patients treated alike.
Nemours Children’s	Policy: “Eligibility for the NFAP is available to patients who reside within the United States only.”	None requested. The application asks only for an “Address.”	NOT STATED No Delaware test.



Discussion





Recommendations for Delaware Hospitals' Input: § 9963(b) Requirements

DECISION

Establish the categories of information and documentation a hospital may request from an applicant; a hospital **may not request anything outside them.**

RECOMMENDATION

Document income and household size only:

- **Income:** Patients choose from a standard list of documents: pay stub, tax return or W-2.
 - **Self-attestation** accepted for income that is zero or not documentable.
- **Household Size:** List all members of household (Required to determine Federal Poverty Level).

DECISION

Establish the categories of presumptive eligibility, such as enrollment in income-based public benefits, subsidized housing, receipt of homeless services, or other income indicators.

RECOMMENDATION

Presume eligibility based on the following:

- **Income-based program enrollment:** Medicaid or Children's Health Insurance Program (Delaware Healthy Children Program), Supplemental Nutrition Assistance Program, Supplemental Nutrition Program for Women Infants and Children, Temporary Assistance for Needy Families, Supplemental Security Income, Low Income Home Energy Assistance Program (Delaware Energy Assistance Program), income-based rental assistance.
- **Prior/Continuous eligibility:** Any Delaware hospital approval for charity care in the past 12 months. How one hospital would learn of another's approval is an open issue (forthcoming slide).
- **Homelessness:** experiencing homelessness or receiving homeless services via attestation.
- **Use of a predictive tool to estimate income.**

DECISION

Establish the methodologies for identifying presumptively eligible patients, such as historical data and predictive modeling. The Board may **require, permit, or restrict** specific methods.

RECOMMENDATION

- **Employ presumptive screening before first bill.**
 - Presumptive eligibility screening of every patient responsibility balance before the first bill; no referral, sale, or suit until the account result of screen has been recorded.
- **Employ the following restrictions related to presumptive methodologies and predictive tools:**
 - Models approve, never deny: predictive scores or eligibility criteria may qualify a patient; unmet criteria should trigger an invitation to apply.
 - Restrict screening to income only.
 - Restrict use of Propensity to Pay (P2P) tools that could indicate likelihood that bill will be paid instead of eligibility for financial assistance.

Open Issue: How One Hospital Learns of Another's Approval

Discussion

The issue: Delaware expects eligibility determinations to carry across hospitals, but no hospital can see that another approved the patient within the past 12 months.

WHAT HAPPENS TODAY

- Approval only at one hospital.
- Approval letters do not tell patients whether another hospital will honor the approval.
- Different criteria and durations (ranging from 90 days to 1 year).

OPTIONS FOR SHARING AN APPROVAL

1 Patient-held approval notice

Patient presents the written determination at other hospitals.

AVAILABLE NOW · PATIENT BURDEN

2 Hospital-to-hospital check

Receiving hospital confirms with approving hospital through secure, HIPAA-compliant means.

OPERATIONAL · HOSPITAL BURDEN

3 Health Information Exchange (HIE) eligibility flag

The HIE administers an “approved through [date]” flag visible to hospitals at registration.

TECHNOLOGICAL · STATE / HOSPITAL BURDEN

INPUT:

Any feedback? What minimum data is required to signal approval among hospitals (e.g., name, DOB, approval tier, end date)? Is a potential phased approach to introduce automated eligibility based on any Delaware hospital approval?

DECISION

Establish by regulation that recipients of financial assistance must be **Delaware residents**, and how residency is shown.

RECOMMENDATION

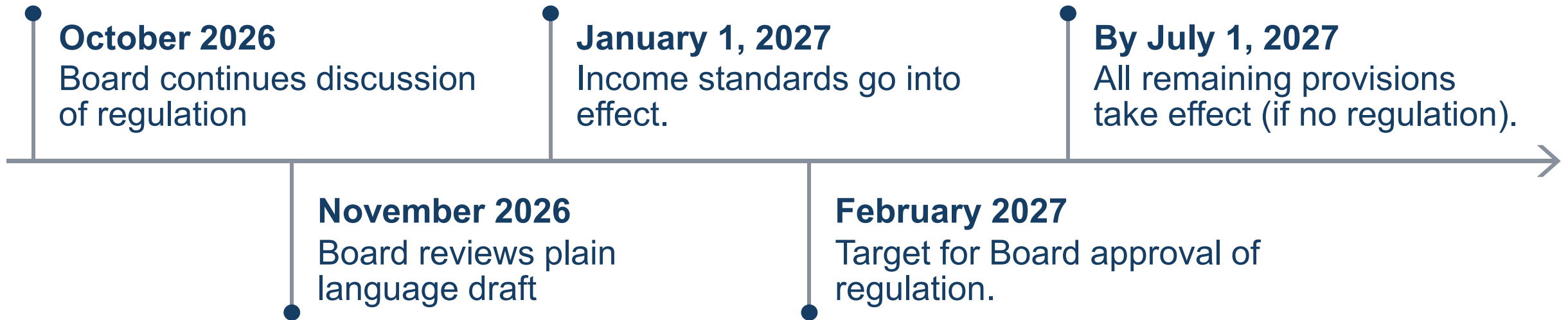
Employ the following residency requirements:

- **Automatic:** Delaware benefit enrollment proves residency; unhoused patients qualify by attestation.
- **Lives in Delaware at the time of service.**

Floor, not ceiling: hospitals may provide charity care for non-residents.

Timeline

TIMELINE





Public Comment



Appendix



Process Duties and How Hospitals Meet Them Today

Hospital	Portability	One-year validity	Collections freeze	Mandatory screening	Presumptive policy	Language notice
ChristianaCare	BELOW	MEETS	BELOW	BELOW	PARTIAL	MEETS
Bayhealth	BELOW	PARTIAL	BELOW	PARTIAL	MEETS	PARTIAL
Beebe Healthcare	BELOW	MEETS	BELOW	BELOW	MEETS	PARTIAL
Saint Francis	BELOW	BELOW	BELOW	PARTIAL	MEETS	MEETS
TidalHealth Nanticoke	BELOW	MEETS	BELOW	BELOW	BELOW	MEETS
Nemours Children's	BELOW	MEETS	BELOW	BELOW	BELOW	PARTIAL

Portability and a collections freeze are new for all six hospitals.



Thank you.

Adjourn

