



Sonoma Valley Hospital – Bad Debt / Debt Collection Policy

Purpose

The purpose of this policy is to classify bad debt patients, ensure consistent and appropriate referral of unpaid accounts to outside agencies, and comply with **HCAI Hospital Fair Pricing Program requirements**, including the protection of income documentation collected for **Charity Care or Discount Payment eligibility determinations**.

Policy

- Accounts with unpaid self-pay balances may be referred to an outside collection agency **only after all reasonable collection efforts have been made**.
- **Income documentation** provided for financial assistance (e.g., tax returns, paystubs) **cannot be used for debt collection purposes**.

Responsibilities

The **Patient Accounting Manager** or **Director of Finance** is responsible for administering and maintaining this policy and ensuring compliance with HCAI and state regulations.

Procedure

1. **Insurance Verification & Billing**
 - Verify eligibility and benefits at the time of service.
 - Bill insurance timely per contracts or statute.
 - Document all insurance responses (EOBs, denials, etc.) in the patient account.
 - Accounts declared non-medically necessary cannot be assigned to bad debt unless the patient receives **written notice in advance**.
2. **Government Program Verification**
 - Check Medicare, Medi-Cal, eligibility on all self-pay accounts.
 - Submit batch files at least monthly to eligibility vendors, document any unsuccessful attempts.
 - Update account information and complete appropriate billing after confirmation.
3. **Self-Pay Account Handling**

- Patient Accounting Representatives manage self-pay accounts.
- Correct returned mail addresses, attempt telephone contact.
- Send open accounts to outside agency **only if unable to verify or collect after 180 days.**
- 4. **Bad Debt Classification**
 - Accounts may be placed in collection status **180 days after the first statement.**
 - Documentation of all collection efforts must be maintained.
 - Accounts returned from collection agencies are recorded as **bad debt** only after being deemed uncollectible.
- 5. **Billing and Collection Communications**
 - Patients will receive statements at 30, 60, 90, 120, 150 days, and a **Goodbye Letter at 180 days.**
 - Communications are provided in **English and Spanish.**
 - Patients with pending applications for **Charity Care, Discount Payment, Medi-Cal, or other government programs** will **not** be referred to collections until **eligibility is determined.**
- 6. **External Collection Agencies**
 - Agencies must comply with SVH's Charity Care and Discount Payment policies.
 - Agencies must adhere to **AB 774, AB 1020, AB 532,** and HCAI requirements.
 - Accounts may be returned to SVH in cases of **death, bankruptcy, or uncollectible status.**
- 7. **Patient Protections & Compliance**
 - Income documentation for financial assistance **cannot be used in collection efforts.**
 - Reasonable payment plans will be offered **prior to referral to collections.**
 - All collection actions must be documented in the patient account.
 - SVH protects **patient confidentiality and dignity,** meeting **HIPAA and HCAI** requirements.

Regulatory Requirements

- SVH complies with all applicable **federal, state, and local laws.**
- Collection practices align with **HSC § 127405, 22 CCR § 96051.6,** and HCAI guidance.
- Patients' rights to financial assistance and fair billing are always maintained.