



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.