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2 **Purpose**

3 This Collection Policy (“Policy”) outlines El Centro Regional Medical Center’s (“ECRMC”) operational guidelines defining standards and practices for the collection of debt from all patients, including those who qualify for financial assistance under the Financial Assistance Policy. Specifically, this Policy shall outline when and under whose authority patient debt is advanced for collection, whether the collection activity is conducted by ECRMC, an affiliate or subsidiary of ECRMC, or by an external collection agency.

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10 **Policy Statement**

11 In its billing and collection activity, ECRMC shall treat patients and patient families or representatives with fairness, dignity, and respect.

13

14 ECRMC or its external collection agency shall not sell patient debt to any entities.

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16 **Responsibilities**

Person/Title	Responsibilities

17

18 **Procedure/Plan**

19 **A. Authority to Advance Patient Account to Collections and Conduct Collection Activities**

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22 The Patient Financial Services Director shall be authorized to review and approve any accounts to be advanced to collection and shall establish procedures to refer accounts to a designated external collection agency.

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25 An external collection agency shall conduct the collection activity. An external collection agency
26 shall not assign the responsibility to collect patient debt to any other entities except to:

- 27
- 28 • ECRMC;
- 29 • A tax-exempt organization that abolishes the patient debt by cancellation of
- 30 the indebtedness; or
- 31 • Another entity if the external collection agency is sold to or merged with that
- 32 entity.
- 33

34 **B. Notice Prior to Assignment to Collections (“Assignment Notice”)**

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36 Before assigning a bill to collections, ECRMC shall send a patient a notice with all of the following
37 information:

- 38
- 39 (1) The date or dates of service of the bill that is being assigned to collections.
- 40 (2) The name of the entity the bill is being assigned.
- 41 (3) A statement informing the patient how to obtain an itemized hospital bill from ECRMC.
- 42 (4) The name and plan type of the health coverage for the patient on record with ECRMC at
- 43 the time of services or a statement that the ECRMC does not have that information.
- 44 (5) An application for ECRMC’s Financial Assistance.
- 45 (6) The date or dates the patient was originally sent a notice about applying for Financial
- 46 Assistance, the date or dates the patient was sent a Financial Assistance application, and,
- 47 if applicable, the date a decision on the application was made.
- 48

49 **C. Assignment to Collections**

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51 ECRMC shall not send a patient account(s) to an external collection agency for the purposes of
52 commencing a civil action for nonpayment or take any action, including reporting adverse
53 information to a consumer credit reporting agency, that would result in an adverse consumer
54 credit report prior to 180 days after initial billing.

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56 That time may be extended if any of the following occurs:

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- 58 • The patient is appealing a coverage decision¹ until a final determination of that appeal is
- 59 made, and the patient makes a reasonable effort to communicate with ECRMC Patient
- 60 Financial Services regarding the progress of the appeal;
- 61 • The patient has a pending application² for the ECRMC Financial Assistance Program or a

- 62 government program;
- 63 • The patient is attempting in good faith to qualify for eligibility for Financial Assistance;
 - 64 • The patient is attempting in good faith to settle an outstanding bill by negotiating a
 - 65 reasonable payment plan;
 - 66 • The patient is making regular partial payments of a reasonable amount; or
 - 67 • The patient has an operative extended payment plan.

68

69 **D. Notice Prior to Commencing Collection Activities (“Collection Notice”)**

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71 Prior to commencing collection activities against a patient, ECRMC shall require its external
72 collection agency to provide the patient with a clear and conspicuous written notice containing
73 both of the following:

74

75 (1) A plain language summary appearing substantially in the following form: “State and
76 federal law require debt collectors to treat you fairly and prohibit debt collectors from
77 making false statements or threats of violence, using obscene or profane language, and
78 making improper communications with third parties, including your employer. Except
79 under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or
80 after 9:00 p.m. In general, a debt collector may not give information about your debt to
81 another person other than your attorney or spouse. A debt collector may contact another
82 person to confirm your location or to enforce a judgment. For more information about
83 debt collection activities, you may contact the Federal Trade Commission by telephone at
84 1-877-FTC-HELP (382-4357) or online at www.ftc.gov.”

85 (2) A statement that nonprofit credit counseling services may be available in the area.

86

87 The Collection Notice shall also accompany any document indicating that the commencement of
88 collection activities may occur.

89

90 **E. Determining Amount That Can Be Recovered from Patients Eligible for Financial**
91 **Assistance**

92

93 The amount ECRMC shall seek to recover from patients eligible for Financial Assistance shall be
94 adjusted based on the Financial Assistance granted pursuant to the Financial Assistance Policy.

95

96 Information obtained for the purposes of determining eligibility for Financial Assistance shall not
97 be used for collections activities.

98

99 ECRMC shall not use wage garnishments, body attachments, or liens on primary residences of
100 patients as a means of collecting unpaid patient bills. However, as described below, external
101 collection agencies may do so for certain patients as permitted under state law.

102

103 **F. External Collection Agencies' Compliance with ECRMC Collection Policies**

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105 ECRMC shall utilize only external collection agencies that agree to comply, in a written
106 agreement, with applicable state and federal laws, ECRMC policies, and ECRMC debt collection
107 standards and practices, including ECRMC's definition and application of a reasonable payment
108 plan, as defined in this Policy.

109
110 For patients eligible for Financial Assistance, ECRMC shall also require external collection
111 agencies to agree in writing to the following:

- 112
- 113 • The collection agency may only attempt to collect the amount outstanding after
114 application of the Financial Assistance Policy and any discounts.
 - 115 • The collection agency will comply with applicable state and federal debt collection
116 practices law, including but not limited to hospital collection practices set forth in
117 California Health and Safety Code Section 127425(a)-(j);
 - 118 • The collection agency will not use a wage garnishment, except by court order, following
119 the procedure set out under state law, including California Health and Safety Code Section
120 127425(h)(2)(A);
 - 121 • The collection agency will not establish a lien on the patient's primary residence except
122 as permitted under state law, including California Health and Safety Code Section
123 127425(h)(2)(B).
- 124

125 Agreement to the above requirements does not preclude ECRMC or the external collection
126 agency from pursuing reimbursement and any enforcement remedy or remedies from third-party
127 liability settlements, tortfeasors, or other legally responsible parties.

128
129 **G. Return of Patient Accounts Back to ECRMC**

130
131 The external collection agency must have processes in place to identify patients who may qualify
132 for Financial Assistance, to communicate the availability and details of the Financial Assistance
133 program to these patients, and to refer patients who qualify and are seeking Financial Assistance
134 back to ECRMC.

135
136 The external collection agency shall have a monitoring process in place to catch any occurrences
137 where a patient account was referred to collections without the applicable Financial Assistance
138 applied to the patient balance and will notify ECRMC if that occurs. To that end, all external
139 collection agencies contracted with ECRMC to perform account follow-up and/or bad-debt
140 collection will utilize at least the following criteria to identify patients eligible for Financial
141 Assistance:

- 143 • Patient accounts must have no applicable insurance (including governmental coverage
144 programs or other third-party payers);
- 145 • The patient or patient’s representative must have a credit score rating within the lowest
146 25th percentile of credit scores for any credit evaluation method used;
- 147 • The patient or patient’s representative has not made a payment within 150 days of
148 assignment to the collection agency;
- 149 • The collection agency has determined that the patient/family representative is unable to
150 pay; and/or
- 151 • The patient or family representative does not have a valid Social Security Number and/or
152 an accurately stated residence address in order to determine a credit score.

153
154 All accounts returned from an external collection agency will be evaluated by ECRMC prior to any
155 re-classification within the hospital accounting system and records.

156
157 **II. EXTENDED PAYMENT PLANS FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE**

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159 **A. Eligibility of Extended Payment Plan**

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161 When a patient is approved for a Discounted Payment, the patient may pay any or all outstanding
162 amounts due in one lump sum payment, or ECRMC shall offer an extended payment plan to allow
163 payment of the discounted price over time. Such extended payment plans shall be interest free.

164
165 **B. Terms of Extended Payment Plan**

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167 If the patient opts for an extended payment plan, ECRMC and the patient or patient’s
168 representative will negotiate the terms of such a payment plan that takes into consideration
169 relevant factors such as the patient’s family income, size of payment obligation, patient resources
170 and essential living expenses, and any other relevant factors brought to ECRMC’s attention.
171 Individual payment plans will be arranged based on the patient’s ability to effectively meet the
172 payment terms. As a general guideline, payment plans will be structured to last no longer than
173 12 months. ECRMC shall negotiate in good faith with the patient; however, there is no obligation
174 to accept the payment terms offered by the patient.

175
176 If ECRMC and the patient or patient’s representative cannot agree on the payment plan, ECRMC
177 shall determine the following to create a “reasonable payment plan”:

- 178
179 • Monthly payments are not more than 10 percent of a patient’s family income for a month,
180 excluding deductions for essential living expenses.
- 181 • For the purposes of this Policy, “essential living expenses” means expenses for any of the

182 following: rent or house payment and maintenance, food and household supplies, utilities
183 and telephone, clothing, medical and dental payments, insurance, school or child care,
184 child or spousal support, transportation, and auto expenses, including insurance, gas, and
185 repairs, installment payments, laundry and cleaning, and other extraordinary expenses.
186

187 **C. Declaring Extended Payment Plan Inoperative**
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189 An extended payment plan may be declared no longer operative after the patient's failure to
190 make all consecutive payments due during a 90-day period. Before declaring the extended
191 payment plan no longer operative, ECRMC or its external collection agency shall make a
192 reasonable attempt to contact the patient by phone and give notice in writing that the extended
193 payment plan may become inoperative and that the patient has the opportunity to renegotiate
194 the extended payment plan. The notice and telephone call to the patient may be made to the
195 last known telephone number and address of the patient.
196

197 If requested by the patient, ECRMC or its external collection agency shall attempt to renegotiate
198 the terms of the defaulted extended payment plan prior to the extended payment plan being
199 declared inoperative.
200

201 ECRMC or its external collection agency shall not report adverse information to a consumer credit
202 reporting agency or commence a civil action against the patient or responsible party for
203 nonpayment prior to the time the extended payment plan is declared to be no longer operative.
204

205 After a payment plan is declared inoperative, the external collection agency may commence
206 collection activities, provided that 180 days have passed since initial billing.
207

208 **III. OVERPAYMENTS FOR PATIENTS RECEIVING FINANCIAL ASSISTANCE**
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210 ECRMC shall reimburse the patient any amount actually paid in excess of the amount due,
211 including interest, after the application of Financial Assistance. Interest owed by ECRMC to the
212 patient shall accrue at the rate of 10 percent per annum on the principal amount, beginning on
213 the date payment by the patient is received by the hospital. However, except as otherwise
214 required by law, ECRMC is not required to reimburse the patient or pay interest if the amount
215 due is less than five dollars (\$5.00) as a result of the application for Financial Assistance. ECRMC
216 shall refund the patient any amounts required by this provision within 30 days.
217

218 **IV. TRANSLATION OF NOTICES**
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220 Written correspondence to the patient required in this Policy shall be in the language spoken by
221 the patient, consistent with Section 12693.30 of the Insurance Code, applicable state and federal
222 law, and this Policy.

223
224 All notices shall be translated into any non-English language spoken by a substantial number of
225 the public served by ECRMC. However, verbatim translations of any materials provided in English
226 is not required. Translated copies of the notices shall be printed and made available at ECRMC.

227
228 At a minimum, ECRMC shall provide notices in English and Spanish and translate such notices for
229 patients or patient’s representatives who speak other languages.

230
231 For the purpose of this Policy, a “substantial number of non-English-speaking people,” as defined
232 under state law, are members of a group who either do not speak English, or who are unable to
233 effectively communicate in English because it is not their native language, and who comprise 5
234 percent or more of the people served by ECRMC.

235
236 **Definitions**

Term	Definition
Charity Care	Qualifying patients shall be relieved of their entire financial obligation with the exception of a specified co-payment. Charity Care does not reduce the amount, if any, that a third party may be required to pay for services provided to the patient
Discounted Payment	Qualifying patients shall be relieved of a portion of their financial obligation to pay. Discounted Payment does not reduce the amount, if any, that a third party may be required to pay for services provided to the patient.
Financial Assistance	The collective term used for Charity Care or Discounted Payment
Pending Application	An application that has been fully completed. Includes copies of the required documentation by the patient, and is submitted to the relevant public agency in the case of government programs or to ECRMC in the case of the ECRMC Financial Assistance Program.

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