

LVMC Credit & Collection Policy

PURPOSE

Lompoc Valley Medical Center (LVMC) provides quality care to patients when they are in need of hospital services. All patients/responsible parties have a financial responsibility related to services received at Lompoc Valley Medical Center and must make arrangements for payment to LVMC either before or after services are rendered. Such arrangements may include payment by an insurance plan, including coverage programs offered through the federal and state government. Payment arrangements may also be made directly with the patient/responsible party subject to the payment terms and conditions of LVMC.

Emergency patients will always receive all medically necessary care within the scope of resources available at LVMC, to assure that their medical condition is stabilized prior to consideration of any financial arrangements.

This Credit and Collection Policy establishes the guidelines, policies and procedures for use by hospital personnel in evaluating and determining patient/responsible party payment arrangements. This policy is intended to establish a fair and effective means for collection of patient/responsible party accounts owed to the hospital. This Policy is to be used in conjunction with the Charity Care Policy which describes practices used during the inpatient admitting and outpatient registration processes. This Policy creates a linkage between information collected from patients/responsible parties at the front of the revenue cycle, and the billing and collections activities of the Patient Financial Services department.

SCOPE

This Policy will apply to all patients/responsible parties who receive services at LVMC. This policy defines the requirements and processes used by the LVMC Patient Business Office when making payment arrangements with individual patients/responsible parties. The Policy also specifies the standards and practices used by LVMC for the collection of debts arising from the provision of services to patients. The Policy acknowledges that some patients/responsible parties may have special payment arrangements as defined by an insurance contract to which LVMC is a party, or in accordance with hospital conditions of participation in state and federal programs. LVMC endeavors to treat every patient/responsible party with fair consideration and respect when making payment arrangements.

All requests for payment arrangements from patients, patient families, patient financial guarantors, physicians, hospital staff, or others shall be addressed in accordance with this policy.

POLICY

All patients who receive care at LVMC must make arrangements for payment of any or all amounts owed for hospital services rendered in good faith by LVMC. LVMC reserves the right and retains sole authority for establishing the terms and conditions of payment by individual

patients/responsible parties, subject to requirements established under state and federal law or regulation.

GENERAL PRACTICES

1. LVMC and the patient/responsible party share responsibility for timely and accurate resolution of all patient accounts. Patient/responsible party cooperation and communication is essential to this process. LVMC will make reasonable, cost-effective efforts to assist patients/responsible parties with fulfillment of their financial responsibility.
2. Medical care at LVMC is available to those who may be in need of medically necessary services. To facilitate financial arrangements for persons who may be of low or moderate income, both those who are uninsured or underinsured, LVMC provides the following special assistance to patients/responsible parties as part of the routine billing process:
 - a. A written statement of charges for services rendered by the hospital provided in a format which shows the patient a synopsis of all charges for services rendered. Upon patient/responsible party request, a complete itemized statement of charges will be provided;
 - b. A written request that the patient/responsible party inform LVMC if the patient/responsible party has any health insurance coverage, Medicare, Medi-Cal or other form of insurance coverage;
 - c. A written statement informing the patient/responsible party that they may be eligible for Medicare, Medi-Cal, California Children's Services Program, health plans available through Covered California or the LVMC Charity Care Program;
 - d. A written statement indicating how the patient/responsible party may obtain an application for the Medi-Cal, health plans available through Covered California, or other appropriate government coverage program;
 - e. If a patient/responsible party is uninsured, an application to the Medi-Cal, health plans available through Covered California, or other appropriate government assistance program will be provided. LVMC business associate is available at no cost to the patient to assist with application to relevant government assistance programs;
 - f. A written statement regarding eligibility criteria and qualification procedures for full charity care and/or discount partial charity care under the LVMC Financial Assistance Program. This statement shall include the name and telephone number of hospital personnel who can assist the patient/responsible party with information about and an application for the LVMC Financial Assistance Program.

- g. Uninsured patients will also be provided contact information for local consumer legal assistance programs which may assist the uninsured patient with obtaining coverage.
3. The LVMC Patient Business Office is primarily responsible for the timely and accurate collection of all patient/responsible party accounts. Patient Business Office personnel work cooperatively with other hospital departments, members of the medical staff, patients/responsible parties, insurance companies, collection agencies and others to assure that timely and accurate processing of patient/responsible party accounts can occur.
4. Accurate information provides the basis for LVMC to correctly bill patients/responsible parties or their insurer. Patient billing information should be obtained in advance of hospital services whenever possible so that verification, prior authorization or other approvals may be completed prior to the provision of services. When information cannot be obtained prior to the time of service, hospital personnel will work with each patient/responsible party to assure that all necessary billing information is received by LVMC prior to the completion of services.

PROCEDURES

1. Each patient/responsible party account will be assigned to an appropriate Patient Business Office representative based upon established criteria and staff workloads.
2. Once a patient/responsible party account is assigned to a Patient Business Office representative, the account details will be reviewed to assure accuracy and completeness of information necessary for the account to be billed.
3. If the account is payable by the patient's/responsible party's insurer, the initial bill will be forwarded directly to the designated insurer. LVMC Patient Business Office personnel will work with the patient's/responsible party's insurer to obtain any or all amounts owed on the account by the insurer. This will include calculation of contracted rates or other special arrangements that may apply. Once payment from the insurer has been determined by LVMC, any residual patient/responsible party liability balance, for example a co-payment or deductible amount, will be billed directly to the patient/responsible party. Any or all patient/responsible party balances are due and payable within 30 days from the date of this first patient/responsible party billing.
4. If the account is payable only by the patient/responsible party, it will be classified as a Self-pay account. Self-pay accounts may potentially qualify for government coverage programs, financial aid under the LVMC Charity Care Policy, or other policy discounts. Patients/responsible parties with accounts in Self-pay status should contact a Patient Business Office representative to obtain assistance with qualifying for one or more of these options.

5. In the event that a patient/responsible party has made a deposit payment, or other partial payment for services and it is subsequently determined that the patient qualifies for full charity care or discount payment, all deposits paid which exceed the payment obligation, if any, as determined through the Charity Care process, shall be refunded to the patient/responsible party with interest. Amounts owed shall be reimbursed to the patient/responsible party within a reasonable time period. Interest shall begin to accrue on the first day that payment by the patient/responsible party is received by the hospital. Interest amounts shall accrue at Ten Percent (10%) per annum. In the event that the amount of interest owed to the patient/responsible party as part of a refund is less than Five Dollars (\$5.00), no interest will be paid to the patient/responsible party.
6. All Self-pay accounts may be subject to a credit history review. LVMC will use a reputable, nationally-based credit reporting system for the purposes of obtaining the patient/responsible party's historical credit experience.
7. LVMC offers patients/responsible parties an extended payment plan option when they are not able to settle the account in one lump sum payment. Extended payment plans are established on a case-by-case basis through consideration of the total amount owed by the patient/responsible party to LVMC and the patient's/responsible party's financial circumstances. Extended payment plans generally require a minimum monthly payment of an amount such that the term of the payment plan shall not exceed twelve (12) months. Once an extended payment plan has been agreed to by the patient/guarantor, failure to make all consecutive payments due during any 60-day period will constitute a payment plan default. Written notice of extended payment plan default will be provided to the patient/guarantor. It is the patient/responsible party's responsibility to contact the LVMC Patient Business Office if circumstances change and payment plan terms cannot be met. Failure to do so may result in the account being forwarded to collection status.
8. Patients/responsible parties who have qualified for LVMC discounted partial financial assistance are eligible for a Qualified Payment Plan as described in the LVMC Charity Care/Discount Payment Policy. Qualified payment plans involve negotiation between the hospital and patient/responsible party and may result in a payment plan term which exceeds twelve (12) months. Qualified payment plans may be arranged by contacting a LVMC Patient Business Office representative. Qualified payment plans are free of any interest charges. Once a qualified payment plan has been approved by LVMC, any failure to pay all consecutive payments due during any 90-day period will constitute a payment plan default. It is the patient/responsible party's responsibility to contact the LVMC Patient Business Office if circumstances change and payment plan terms cannot be met. However, in the event of a payment plan default, LVMC will make a reasonable attempt to contact the patient/responsible party by telephone and also give notice of the default in writing. The patient/responsible party shall have an opportunity to renegotiate the extended payment plan and may do so by contacting a Patient Business Office representative within Fourteen (14) Days from the date of the written notice of extended payment plan default. If the patient/responsible party fails to request renegotiation of the extended payment plan within Fourteen (14) Days, the payment plan will be deemed inoperative and the account may become subject to collection.

9. Patient/responsible party account balances in Self-pay status will be considered past due after 30 days from the date of initial billing. The Director of Business Operations or his/her designee shall implement procedures for compliance with the Charity Care/Discount Payment Policy. Accounts may only be advanced for collections that are in compliance with established procedures. Accounts may be advanced to collection status according to the following schedule:
 - a. Any or all Self-pay account balances where it is determined by LVMC that the patient/responsible party provided fraudulent, misleading or purposely inaccurate demographic or billing information may be considered as advanced for collection immediately upon such a determination by LVMC.
 - b. Any or all Self-pay account balances of less than three hundred (\$300) where no payment has been received, and the patient/responsible party has not communicated with LVMC within 75 days of initial billing and a minimum of one bill showing details at the revenue code summary level and two cycle statements have been sent to the patient/responsible party.
 - c. Any or all Self-pay account balances of greater than three hundred (\$300) where no payment has been received, and the patient/responsible party has not communicated with LVMC, or its outsource business office representative within 90 days of initial billing and a minimum of one bill showing details at the revenue code summary level and two cycle statements have been sent to the patient/responsible party.
 - d. Any or all other patient accounts, including those where there has been no payment within the past 60 days, may be forwarded to collection status when:
 - i. Notice is provided to the patient/responsible party that payments have not been made in a timely manner and the account will be subject to collection 30 days from the notice date;
 - ii. The patient/responsible party refuses to communicate or cooperate with LVMC Patient Business Office representatives; and
10. Patient/responsible party accounts will not be forwarded to collection status when the patient/responsible party makes reasonable efforts to communicate with LVMC Patient Business Office representatives and makes good faith efforts to resolve the outstanding account. The LVMC Patient Business Office representatives will determine if the patient/responsible party are continuing to make good faith efforts to resolve the patient/responsible party account and may use indicators such as: application for Medi-Cal, or other government programs; application for the LVMC Charity Care Program; regular partial payments of a reasonable amount; negotiation of a payment plan with LVMC and other such indicators that demonstrate the patient's/responsible party's effort to fulfill their payment obligation.

11. After 30 days or anytime when an account otherwise becomes past due and subject to internal or external collection, LVMC will provide every patient/responsible party with written notice in the following form:
 - a. **"State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov."**
 - b. **Non-profit credit counseling services may be available in the area. Please contact the LVMC Patient Business Office if you need more information or assistance in contacting a credit counseling service.**
12. For all patient/responsible party accounts where there is no 3rd party insurer *and/or* whenever a patient/responsible party provides information that he or she may have High Medical Costs, the Patient Business Office representative will assure that the patient/responsible party has been provided all elements of information as listed above in number 2, General Practices, parts (a) through (g). This will be accomplished by sending a written billing supplement with the first patient/responsible party bill. The Patient Business Office representative will document that the billing supplement was sent by placing an affirmative statement in the "notes" section of the patient's/responsible party's account.
13. For all patient/responsible party accounts where there is no 3rd party insurer *and/or* whenever a patient/responsible party provides information that he or she may have High Medical Costs, LVMC will not report adverse information to a credit reporting agency or commence any civil action prior to 150 days after initial billing of the account. Furthermore, LVMC will not send an unpaid bill for such patients/responsible parties to an external collection agency unless the collection agency has agreed to comply with this requirement.
14. If a patient/responsible party has filed an appeal for coverage of services in accordance with Health & Safety Code Section 127426, LVMC will extend the 150 day limit on reporting of adverse information to a credit reporting agency and/or will not commence any civil action until a final determination of the pending appeal has been made.
15. LVMC will only utilize external collection agencies with which it has established written contractual agreements. Every collection agency performing services on behalf of LVMC

must agree to comply with the terms and conditions of such contracts as specified by LVMC. All collection agencies contracted to provide services for or on behalf of LVMC shall agree to comply with the standards and practices defined in the collection agency agreement; including this Credit and Collection Policy, the LVMC Charity Care Policy and all legal requirements including those specified in the California Health & Safety Code.

16. LVMC and/or its external collection agencies will not use wage garnishments or liens on a primary residence without an order of the court. Any or all legal action to collect an outstanding patient/responsible party account by LVMC and/or its collection agencies must be authorized and approved in advance, in writing by the LVMC Director of Business Operations and Chief Financial Officer. Any legal collection action must conform to the requirements of the California Health & Safety Code.
17. LVMC, its collection agencies, or any assignee may use any or all legal means to pursue reimbursement, debt collection and any enforcement remedy from third-party liability settlements, tortfeasors, or other legally responsible parties. Such actions shall be conducted only with the prior written approval of the LVMC patient Director of Business Operations and the Chief Financial Officer.