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Owner Kathleen Graham: EXEC DIR REVENUE CYCLE
Area (Category) Revenue Cycle
Applicability Hoag Memorial Hospital Presbyterian, Hoag Clinic, Hoag Orthopedic Institute, Hoag at Home

COPIY

Debt Collection

PURPOSE:

To provide steps for collection of medical debt. This policy outlines Hoag’s standards and practices for the collection of medical debt. It is Hoag’s intention to ensure its workforce members and third-party entities with whom Hoag contracts for debt collection services conduct debt collection activities in compliance with applicable law, Hoag’s Financial Assistance Program, and the requirements of this Policy.

SCOPE:

This policy applies to Hoag Memorial Hospital Presbyterian, any of its wholly owned entities such as Hoag Clinic, HMTS and Hoag at Home (collectively, “Hoag”).

AUTHORIZED PERSONNEL:

Collector Self-Pay, Business Services Lead, Manager Business Services

1. POLICY:

- A. Promoting financial stability and conserving resources for patient care, this policy will provide a clear and consistent process for conducting billing and collection that ensures that debts

owed by Guarantors for medical services provided are collected in a manner that promotes patient satisfaction, efficiency, and compliance in accordance with legal and regulatory requirements.

2. Prior to Assignment to Collection:

- A. At time of billing, Hoag provides a written summary of charges to the patient (or the patient's authorized representative, if applicable) including information concerning the services provided and the dates of service. All Hoag patients are provided written notice about eligibility for financial assistance, including availability of discounted or charity care, at the time of service or within 72 hours after services are provided. Hoag also posts information about the Financial Assistant Program in its inpatient and outpatient facilities.
- B. Before pursuing collection activities, Hoag will attempt to screen the patient for eligibility for financial assistance in the form of charity care or discounted payment, and, in the case of eligibility for discounted payment or when the patient is not eligible for financial assistance, negotiate a reasonable payment plan.
- C. If a patient is attempting to qualify for eligibility under Hoag's Financial Assistance Policy and is attempting in good faith to settle an outstanding bill with Hoag by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, Hoag shall not pursue collection activities. Hoag shall not, in working with patients eligible under the Financial Assistance Policy, use wage garnishments or liens on primary residences as a means of collecting unpaid medical bills.
- D. Hoag will negotiate payment plans to assist patients eligible under Hoag's Financial Assistance Program policy, or any other policy adopted by Hoag for assisting low-income patients who have no insurance or have experienced high medical costs.
- E. Extended payment plans for past due medical bills shall be interest free.

3. Assignment to Collection

- A. When assigning a medical debt to collection, Hoag will send the patient a notice with all of the following information:
 - I. The date or dates of service of the bill that is being assigned to collections;
 - II. If Hoag is assigning the bill to a third-party company such as a collection agency, the name of the company the bill is being assigned to.
 - III. A statement informing the patient how to obtain an itemized bill from Hoag.
 - IV. The name and plan type of the health coverage for the patient on record with Hoag at the time of services, if applicable, or a statement that Hoag does not have information about the patient's insurance coverage.
 - V. The date or dates the patient was originally sent a notice about applying for the Financial Assistance Program; if applicable, the date or dates the patient was sent a Financial Assistance Application; and, if applicable, the date Hoag made a decision on the Financial Assistance Application.
 - VI. Neither Hoag nor any external debt collection agency working on behalf of Hoag shall report adverse information to a consumer credit reporting agency or

commence civil action against a patient for nonpayment until at least 180 days after initial billing.

VII. The 180 day period will be extended if the patient has a pending appeal for coverage of the services, until a final determination of that appeal is made, and/or if the patient makes a reasonable effort to communicate with Hoag about the progress of the pending appeal. For purposes of this Policy, "pending appeal" includes any of the following:

- a. A grievance against a health care service plan or insurer.
- b. An independent medical review.
- c. A fair hearing for a review of a Medi-Cal claim.
- d. An appeal regarding Medicare coverage consistent with federal law and regulations.

B. An extended payment plan may be cancelled if the patient does not make consecutive payments due during a 90-day period. Before determining a patient has defaulted on the terms of their payment plan, Hoag or its external collection agency shall make a reasonable attempt to contact the patient by telephone and in writing that the extended payment plan is at risk of being revoked. The notice and telephone call to the patient shall be made to the last known telephone number and address of the patient. As appropriate, Hoag or its external collection agency may attempt to discuss and negotiate a new extended payment plan.

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

D. To the extent Hoag may contract with a third-party collection agency, the agency shall not, in dealing with any patient under Hoag's Financial Assistance Policy, use as a means of collecting unpaid medical bills any method or process that is not consistent with Hoag's Financial Assistance Program and this Policy, with respect to collection of medical debt. Income and other information collected to determine eligibility for charity care or discounted payment shall not be used in the collection process.

E. Prior to commencing collection activities against a patient, Hoag or its external collection agency, shall provide the patient with a written notice containing both of the following:

- I. The plain language summary of the patient's rights as required by the Health & Safety Code, the Rosenthal Fair Debt Collection Practices Act, and the federal Fair Debt Collection Practices Act. The summary shall include a statement that the Federal Trade Commission enforces the federal act.

- a. The summary shall be sufficient if it appears in substantially the following form: "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. The summary shall also include a statement that nonprofit credit counseling services may be available in the area.
- II. The notice required above shall also accompany any document indicating that the commencement of collection activities may occur. If Hoag assigns the debt to an external collection agency, the agency will be required to comply with the notice requirements as specific above.

4. Bad Debt Assignment

- A. Accounts automatically qualify for bad debt based on parameters established and in compliance with AB1020 and AB532, within 180 days.
 - I. Exceptions to the 180-day time frame are made upon receipt of returned mail
- B. Bad Debt is processed systematically on a daily basis unless otherwise instructed by department Director

5. Delete/Transfer Bad Debt Accounts Back to Accounts Receivable

- A. Receives request indicating patient's account information and reviews appropriateness for approval to remove and reinstate back into Patient Accounting System (PAS)/Electronic Health Record (EHR).

6. Define Medi-Cal Eligibility

- A. Receives copy of Medi-Cal eligibility within billing time frame
- B. Updates insurance coding in PAS/EHR
- C. Orders billing within PAS/EHR
- D. Emails collection agency to cancel account and requests deletion from credit bureaus
- E. Documents account in PAS/EHR
- F. Send copy of Medi-Cal card to be scanned into PAS/EHR

7. Bad Debt Interest Payments

- A. Accesses patient account on PAS/EHR
- B. Adjusts interest amount to appropriate adjustment transaction code

References: n/a

Review and/or input for this policy and procedure was given by the following:

Revenue Cycle and Legal

Title and version of IFU: n/a

All Revision Dates

5/13/2024

Approval Signatures

Step Description	Approver	Date
VP Approval	Andrew Guarni: VP EX AND CFO	5/22/2024
Director Approval	Kathleen Graham: EXEC DIR REVENUE CYCLE	5/21/2024
Policy Management Approval	Anna Do: CORPORATE COMPLIANCE ASSOCIATE	5/21/2024
Owner Approval	Kathleen Graham: EXEC DIR REVENUE CYCLE	5/21/2024

Applicability

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