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Acute Care/  
Home Health  
Billing  
Supervisor  
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Billing  
Applicability Marshall Medical  
Center  
Administrative

## Debt Collection Process

### POLICY STATEMENT

This Policy is to ensure that Marshall and its contracted debt collections agencies use a fair and reasonable methods, and comply with all applicable federal and state laws, in collections of Marshall’s consumer debt accounts. Information obtained from income tax returns, pay stubs or the monetary assets for the Discounted Payment or Charity Care eligibility determinations are not used for collection activities.

### DEFINITIONS

The following terms will be used in this policy.

- **Collection Agency** means an outside agency engaging in any patient/guarantor collection activities, but does not include outsource vendor which simply carry out Marshall normal billing functions.
- **Extraordinary Collection Activities (“ECA”)** include the following:
  - Selling an individual's debt to another party except as expressly prohibited by federal law.
  - Reporting adverse information about the individual to consumer credit bureaus.
  - Deferring, denying, or requiring a payment before providing medically necessary care (excluding emergency medical care) because of an individual's

nonpayment of one or more bills for previously provided care covered under Marshall's Discounted Payment and Charity Care Program.

- Certain actions that require a legal or judicial process as specified by federal law, including some liens, foreclosures on real estate, attachments/seizures, commencing a civil action, and garnishing an individual's wages.
- **Essential Living Expenses** means expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or childcare, child or spousal support, transportation, auto expenses (including insurance, gas, and repairs), installment payments, laundry and cleaning, and other extraordinary expenses.
- **Patient Responsibility Amount** means the portion of a hospital bill that the patient is required to pay out-of-pocket.
- **Reasonable Payment Plan** means monthly payments that are not more than 10% of a patient's family income for a month, excluding deductions for Essential Living Expenses.

## PROCEDURE AND/OR GUIDELINE

In keeping with its goal of providing compassionate care, Marshall strives to treat all patients fairly, with dignity, compassion, and respect. Therefore, Marshall will use its best efforts to ensure that its collections efforts related to the patient accounts are fair, reasonable, and consistent. This policy sets forth the general standards of Marshall's debt collection practices, and relationships with the collection agencies that act on its behalf.

### General Requirements Prior to Collection Agency Action

- A. Consistency in Billing Statements.** At the time of billing, Marshall will provide all patients with the same information concerning services received and charges related to those services.
- B. Notice of Discounted Payment/Charity Care Availability.** All patients will receive information about the availability of Marshall's Discount Payment and Charity Care Program and policies, including information about eligibility, as well as the department and telephone number for patients to contact for more information about these policies and the application process at the time of billing.
- C. Reasonable Payment Plans.** Marshall and any collection agency acting on our behalf shall offer patients with a Patient Responsibility Amount, the option to enter into a Reasonable Payment Plan to pay a portion of their Patient Responsibility Amount, and any other amounts due over time.

- D. **Payment Plan Terms.** Marshall will also offer extended payment plans for those patients who indicate an inability to pay a Patient Responsibility Amount in a single installment. All payment plans will be interest-free. The extended payment plan will be negotiated between Marshall and the patient based on the patient's family income and Essential Living Expenses. If Marshall and the patient are unable to agree on the terms of the payment plan, Marshall will extend a payment plan option under which the patient may make a monthly payment of not more than 10% of the patient's monthly family income after excluding Essential Living Expenses, as those terms are defined in Health and Safety Code section 127400.
- E. **Declaring a Payment Plan Inoperative.** An extended payment plan may be declared no longer operative after the patient fails to make all consecutive payments during a 90-day period. Before declaring the extended payment plan inoperative, Marshall or the contracted collection agency will make a reasonable attempt to contact the patient by phone and to give notice in writing 60 days after the first missed bill under the extended payment plan that the extended payment plan may become inoperative, and that the patient has the opportunity to renegotiate the extended payment plan. After the notice, Marshall will provide the patient with 30 days to make a payment, after which the extended payment plan may be declared inoperative. If an extended payment plan is declared inoperative and it has been at least 180 days since the initial billing statement was provided to the patient, Marshall or the contracted collection agency may commence collection activities for the remaining amount due under the extended payment plan.

## Relationship with Collection Agencies

- A. **Compliance with Law, Medical Center Standards.** Collection Agencies with which Marshall contracts must at all times comply with all applicable state and federal laws. Collection Agencies must at all times treat Marshall patients, their families, and other contacts fairly, with dignity, compassion, and respect. For a copy of Marshall's contract with our outside agencies contact Marshall's Legal Department.
- B. **Standards of Contracting with Collection Agencies.** Marshall shall not engage any Collection Agency to collect patients' accounts unless: (i) the arrangement is set forth in a written agreement signed by the Collection Agency and designated authority under the Signature Authority - Board of Directors Designees policy; (ii) the written agreement attaches this policy as an exhibit; (iii) the written agreement requires the Collection Agency to comply with all relevant Marshall policies, including this policy, Marshall's Compliance Plan, and all applicable state and federal laws.
- C. **Assignment of Patient Accounts to Collections Agencies.**
1. Marshall will not assign any patient account to a Collection Agency unless Marshall (or a subcontractor acting on behalf of Marshall) has performed all of the following:
    - Provided notice to the patient with:

- The date(s) of service of the bill that is being assigned to collections or sold.
  - The name of the entity the bill is being assigned or sold to.
  - A statement informing the patient how to obtain an itemized hospital bill from Marshall.
  - The name and plan type of the health coverage for the patient on record with the Marshall at the time of services or a statement that Marshall does not have that information.
  - An application for the Marshall's Discounted Payment and Charity Care Program.
  - The date(s) the patient was originally sent a notice about applying for Discounted Payment or Charity Care, the date(s) the patient was sent a Discounted Payment or Charity Care application, and, if applicable, the date a decision on the application was made.
- Made reasonable collection efforts to the best of its ability to profile/ screen and determine to Marshall's satisfaction that the patient (i) does not qualify for alternative payor sources, (ii) is not agreeable to a payment plan or is no longer cooperating with a negotiated payment plan, subject to the timing of declaring a payment plan inoperable, as discussed above, (iii) does not qualify for Marshall's Discounted Payment and Charity Care Program (or has qualified and been given Discounted Payment or Charity Care, in which case only the amount as adjusted to reflect the Discounted Payment or Charity Care available is forwarded for collections) and (iv) has sufficient assets available to pay the amount owing where permitted by applicable law. For the purposes of this policy, Marshall has performed the determinations listed above to the best of its ability where Marshall has made a reasonable attempt to gather the necessary information from the patient and the patient either does not respond within a reasonable time or is uncooperative in providing the necessary information.
2. If a patient is attempting to qualify for eligibility under Marshall's Discounted Payment and Charity Care Program and is attempting in good faith to settle an outstanding bill with Marshall by negotiating a Reasonable Payment Plan or by making regular partial payments of a reasonable amount, Marshall shall not send the unpaid bill to any Collection Agency, debt buyer, or other assignee, unless that entity has agreed to comply with this policy. No overdue patient account balances will be eligible for placement with a Collection Agency until after at least 180 days have passed since Marshall sent the initial bill to the patient. This period will be extended for any pending appeal by the patient for coverage of the services, until a final determination of that appeal is made, if the patient makes a reasonable effort to communicate with Marshall about the progress of any pending appeals.

3. Accounts with a "Returned Mail" status are eligible for collections assignment after all good faith efforts have been documented and exhausted.
4. If a patient has applied for Marshall's Discounted Payment and Charity Care Program, Marshall will only use the patient's income information for determining eligibility and debt due. Marshall will not use this information for collection activities or provide income information to any Collection Agency.
5. Marshall will only assign patient debt to debt buyers licensed by the California Department of Financial Protection and Innovation.
6. When Marshall assigns an account to a Collection Agency, the amount that will be assigned for collection will be the amount remaining after any prior discount arrangements or waivers have been applied to the account balance. The Collection Agency will not charge interest or fees on the patient's debt. The patient debt is advanced for collection under the authority of Marshall's Chief Financial Officer, or his/her designee.
7. Prior to commencing collection activities against a patient, Marshall or any Collection Agency shall provide the patient with a clear and conspicuous written notice containing: (1) a plain language summary of the patient's rights under the Hospital Fair Pricing Policies Act, the Rosenthal Fair Debt Collection Practices Act, and the federal Fair Debt Collection Practices Act; and (2) a statement that nonprofit credit counseling services may be available in the area.
8. Marshall and its Collection Agencies shall not engage in ECA's, including, without limitation, reporting adverse information about the patient to consumer credit reporting agencies or credit bureaus or commence civil action against the patient for nonpayment before 180 days after initial billing.
9. If a Collection Agency determines that a patient account qualifies for an alternative source of payment, or determines that the patient does not have significant assets, where consideration of assets is permitted by applicable law, the Collection Agency shall return the account to Marshall with an explanation of the determination and the supporting data.
10. If a patient asks a Collection Agency whether Marshall offers a discount from its charges based on the patient's status as a cash-paying patient, the Collection Agency can offer up to 30% without consulting with Marshall. Anything above and beyond 31% will need to be approved by Marshall's Director of Hospital Patient Billing or designee, who will have the authority to adjust the account in compliance with Marshall's cash discount policy.

**D. Required Approvals of Specific Collection Practices.** When providing services on Marshall's behalf, Collections Agencies may only approve negotiated payment

plans with the approval of a financial counselor.

Marshall will evaluate the performance of each Collection Agency at least on an annual basis, including patient reactions and complaints regarding Collection Agencies. Marshall will investigate and analyze complaints about the activities of Collection Agencies and promptly make and document any necessary corrections.

Additionally, Marshall will obtain written statements from the Collection Agency not less than annually attesting that they are following Marshall's policies and complying with all state and federal laws.

## RECORDKEEPING

Hospital Patient Billing shall maintain adequate notations and documentation in Marshall's patient accounting system to document Marshall's compliance with the requirements of this policy. Each Collection Agency is also required to maintain adequate documentation in its files to show that the Collections Agency has complied with the requirements of federal and state consumer debt collections laws and with all other requirements of this policy applicable to the Collection Agency.

## REFERENCES

For specific policies and procedures related to Marshall's internal process for communicating with patients that are outsourced with a Collection Agency please refer to Hospital Patient Billing Financial Counselors Policy and Procedures.

State and Federal Laws referenced in this policy include but are not limited to:

- a. Hospital and Fair Pricing Policies (California Health and Safety Code § 127400 et seq.) and its implementing regulations.
- b. 26 CFR § 1.501(r).

## Approval Signatures

Step Description

Approver

Date

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## Applicability

Marshall Medical Center - Administrative