SOUTHERN INYO HEALTHCARE DISTRICT

DEBT COLLECTION POLICY

Effective Date: 06/30/2026

Last Revised: 03/23/2026

This policy supersedes all prior debt collection policies and applies to debt collection activities occurring on or after the Effective Date listed above.

I. PURPOSE

This Debt Collection Policy establishes standards and procedures for the collection of patient debt in accordance with California Health and Safety Code Sections 127400-127446 (the Hospital Fair Pricing Act), California Civil Code Section 1788.14 (prohibition on reporting medical debt to credit agencies), and applicable federal and state debt collection laws, including the Rosenthal Fair Debt Collection Practices Act (California Civil Code § 1788 et seq.) and the Fair Debt Collection Practices Act (15 U.S.C. § 1692 et seq.).

II. DEFINITIONS

Debt Buyer: A person or entity that purchases patient debt as defined in California Civil Code Section 1788.50.

Collection Agency: An external entity that collects Hospital receivables on behalf of the Hospital.

Reasonable Payment Plan: Monthly payments not exceeding 10% of patient's monthly family income (excluding deductions for federal, state, and local taxes) after accounting for essential living expenses, as defined in the Hospital's Discount Payment Policy.

Financially Qualified Patient: A patient eligible under the Hospital's charity care policy or discount payment policy (generally patients with family income at or below 400% of the federal poverty level who are either self-pay patients or patients with high medical costs).

III. AUTHORIZATION FOR COLLECTION ACTIVITIES

Authorized Personnel: Patient debt shall be advanced for collection only upon authorization by:

Director of Patient Financial Services

Authorization Criteria: Patient debt may be sent to collections only if:

- Patient has been found ineligible for financial assistance; OR

- Patient has not responded to reasonable and documented attempts to bill or offer financial assistance for at least 180 days from the date of the first post-discharge billing statement; AND

- The Hospital has complied with all notice requirements under California Health and Safety Code Section 127425, including providing the patient with a written notice at least 60 days before assigning or selling the debt that includes all information required by Section 127425(a).

Good Faith Settlement Exception: Notwithstanding the above criteria, if a patient is attempting to qualify for eligibility under the Hospital's charity care or discount payment policy and is attempting in good faith to settle an outstanding bill with the Hospital by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, the Hospital shall not send the unpaid bill to any collection agency, debt buyer, or other assignee, unless that entity has agreed to comply with all requirements of the Hospital Fair Pricing Act (California Health & Safety Code §§127400-127446).

Active Financial Assistance Applications: The Hospital shall provide the patient with at least 30 days from the date of any request for additional documentation to submit such documentation before making a final eligibility determination, and shall notify the patient in writing of any deficiencies in the application.

IV. PROHIBITED COLLECTION PRACTICES

Prohibition on Adverse Credit Reporting: The Hospital and any assignee (including collection agencies and debt buyers) shall not report adverse information to a consumer credit reporting agency for medical debt arising from hospital services. Pursuant to California Health and Safety Code Section 127425(f)(1) and California Civil Code Section 1788.14, this prohibition is absolute and permanent and applies to all patients, whether or not the patient is a financially qualified patient — it does not expire after any waiting period. Medical debt for services provided by this Hospital shall never be reported to a consumer credit reporting agency.

180-Day Waiting Period for Civil Action: The Hospital and any assignee (including collection agencies and debt buyers) shall not:

- Commence civil action for nonpayment

before 180 days after the date of the first post-discharge billing statement sent to the patient. See “Prohibition on Adverse Credit Reporting” above for the absolute prohibition on credit reporting, which applies to all patients.

Pending Appeals Extension: The 180-day period shall be tolled (suspended) while any coverage appeal is pending (including health plan grievances, independent medical review, Medi-Cal fair hearings, or Medicare appeals), provided the patient notifies the

Hospital in writing of the pending appeal and provides reasonable updates upon Hospital request. The 180-day period shall resume upon final resolution of the appeal.

Active Payment Plans: The Hospital, collection agency, debt buyer, or assignee shall not commence a civil action against the patient for nonpayment while an extended payment plan remains operative. Collections may not commence until after a payment plan has been properly declared inoperative following the procedures in Section IX of this policy.

Communications Restrictions: Collection agencies and debt buyers shall not contact patients outside the hours of 8:00 a.m. to 9:00 p.m. (local time at the patient's location) except when the patient has expressly agreed to be contacted at other times, which agreement must be documented in writing, and shall not disclose debt information to third parties except as permitted by law (attorney, spouse, parent of a minor debtor, to confirm location, or to enforce judgment). All communications must comply with California Civil Code Section 1788.11 and 15 U.S.C. Section 1692c.

V. RESTRICTIONS ON WAGE GARNISHMENTS AND LIENS

Hospital and Affiliates: The Hospital or any affiliate/subsidiary of the Hospital shall not use the following to collect from patients eligible under the Hospital's charity care or discount payment policies:

- Wage garnishments; or
- Liens on any real property.

Collection Agencies and Debt Buyers (Non-Affiliates): Collection agencies and debt buyers that are not subsidiaries or affiliates of the Hospital shall not use the following against patients eligible under the Hospital's charity care or discount payment policies:

- Wage garnishment, except by court order upon noticed motion with at least 15 days' notice to the patient, supported by a declaration filed by the movant identifying specific facts and evidence demonstrating the basis for its belief that the patient has the ability to make payments on the judgment under the wage garnishment, which the court shall consider in light of the size of the judgment and additional information provided by the patient before or at the hearing concerning the patient's ability to pay, including information about probable future medical expenses based on the current condition of the patient and other obligations of the patient;
- Notice or conduct of sale of any real property owned, in part or completely, by the patient; or
- Liens on any real property.

Third-Party Liability Exception: These restrictions do not preclude the Hospital, collection agency, or debt buyer from pursuing reimbursement and any enforcement

remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.

VI. REQUIREMENTS FOR COLLECTION AGENCIES

Written Agreement Required: The Hospital shall obtain a written agreement from any collection agency requiring adherence to:

- This debt collection policy;
- Hospital's charity care and discount payment policies;
- Hospital's definition and application of reasonable payment plan;
- Income-only consideration for determining amounts to recover from eligible patients (monetary assets of the patient shall not be considered);
- All applicable state and federal debt collection laws, including the Rosenthal Fair Debt Collection Practices Act and the Fair Debt Collection Practices Act.

Prohibited Practices: Collection agencies must agree in writing not to:

- Use threats, harassment, obscene or profane language, or abusive tactics;
- Make false statements or misrepresentations;
- Contact patients outside 8:00 a.m. to 9:00 p.m. except under unusual circumstances;
- Disclose debt information to unauthorized third parties (except attorney, spouse, or to confirm location/enforce judgment);
- Use any collection practices prohibited by California or federal law.

Asset Consideration Prohibition: When determining the amount of debt to recover from patients eligible under charity care or discount payment policies, collection agencies and the Hospital may consider only the patient's income. Monetary assets of the patient shall not be considered in determining eligibility or the amount to be recovered, except that the Hospital may consider the availability of a patient's health savings account when negotiating payment plan terms.

VII. REQUIREMENTS FOR SELLING PATIENT DEBT

Conditions for Debt Sale: The Hospital may sell patient debt to a debt buyer only if ALL of the following conditions are met:

- The Hospital has found the patient ineligible for financial assistance OR the patient has not responded to any attempts to bill or offer financial assistance for 180 days;

- The sales agreement includes contractual language requiring the debt buyer to:

○ Return, and the Hospital agrees to accept, any account in which the balance has been determined to be incorrect due to the availability of a third-party payer (including a health plan or government health coverage program) or the patient is eligible for charity care or financial assistance;

○ Not resell or otherwise transfer the patient debt (except to the originating Hospital, a tax-exempt organization as described in Section 127444, or if the debt buyer is sold or merged with another entity);

○ Not charge interest or fees on the patient debt;

○ Comply with all requirements of the Hospital Fair Pricing Act (California Health & Safety Code §§127400-127446) and this debt collection policy;

- The debt buyer is licensed as a debt collector by the California Department of Financial Protection and Innovation.

VIII. NOTICE REQUIREMENTS

Pre-Assignment/Sale Notice: Before assigning patient debt to a collection agency or selling debt to a debt buyer, the Hospital shall send written notice to the patient that includes:

- Date(s) of service;

- Name of the entity the bill is being assigned or sold to;

- Information on how to obtain an itemized bill;

- Health insurance coverage on record, or a statement that the Hospital lacks this information;

- A financial assistance application or information on how to obtain one;

- Dates of previous financial assistance notices sent and eligibility decisions made;

- Information about the Hospital Bill Complaint Program, including:

○ Department of Health Care Access and Information

○ Contact information: Phone: (916) 326-3800, Email: HCAIComplaint@hcai.ca.gov

○ Website: www.hcai.ca.gov/complaints

- Contact information for Health Consumer Alliance: **1-888-804-3536**

Timing of Pre-Assignment/Sale Notice: This notice shall be sent by first-class mail at least 60 days before the first day the Hospital may assign or sell the patient debt, and the Hospital shall maintain proof of mailing in the patient's file.

Collection Activity Notice: At least 30 days before the Hospital, collection agency, or debt buyer commences collection activities (including civil action), the patient shall receive a clear and conspicuous written notice sent by first-class mail containing:

- A plain language summary of patient rights under the Rosenthal Fair Debt Collection Practices Act (California Civil Code § 1788 et seq.) and the Fair Debt Collection Practices Act (15 U.S.C. § 1692 et seq.);

- A statement that the Federal Trade Commission enforces the federal Fair Debt Collection Practices Act and contact information (1-877-FTC-HELP or www.ftc.gov);

- A statement that nonprofit credit counseling services may be available in the area.

IX. PAYMENT PLAN REQUIREMENTS

Interest-Free Plans: Extended payment plans offered to assist patients eligible under the Hospital's charity care policy, discount payment policy, or any other policy for assisting low-income patients with no insurance or high medical costs shall be interest-free.

Default Procedures: A payment plan may be declared no longer operative after the patient's failure to make all consecutive payments due during a 90-day period, provided that at least three monthly payments were due and missed during that period. Before declaring the payment plan inoperative, the Hospital, collection agency, debt buyer, or assignee shall:

- Make at least two reasonable attempts to contact the patient by telephone at different times of day (if telephone number is known) and send written notice by first-class mail to the patient's last known address;

- Inform the patient in writing sent by first-class mail that the extended payment plan may become inoperative if the patient does not cure the default within 30 days of the date of the notice;

- Offer the patient the opportunity to renegotiate the extended payment plan; and

- Attempt to renegotiate the terms of the defaulted extended payment plan if requested by the patient.

Prohibition on Collection During Active Plans: The Hospital, collection agency, debt buyer, or assignee shall not commence a civil action against the patient or responsible party for nonpayment until after the extended payment plan has been declared to be no longer operative following the procedures above.

X. RECORDKEEPING

Required Records: The Hospital shall maintain for five years:

- All records relating to money owed by patients;
- All documents related to litigation filed by the Hospital or on its behalf;
- Contracts for debt assignment or sale and all significant records related to debt sales;
- An updated annual list of debt collectors and litigation attorneys, including contact information;
- All financial assistance eligibility determinations and supporting documentation;
- Copies of all notices sent to patients regarding financial assistance, billing, and collection activities;
- Documentation of payment plan negotiations and all communications with patients regarding payment arrangements;
- Records demonstrating compliance with all waiting periods, good faith requirements, and procedural protections under the Hospital Fair Pricing Act.

Assignee/Buyer Recordkeeping: Debt sale contracts shall require assignees and debt buyers to maintain litigation records and records of payment plan negotiations for at least five years from the date of the last activity on the account and to make such records available to the Hospital upon request within 10 business days. Assignees and debt buyers shall also provide quarterly reports to the Hospital summarizing collection activities, payment plans established, and any litigation commenced.

XI. COMPLIANCE AND TRAINING

Annual Training: All Hospital staff involved in billing and collections shall receive annual training on:

- This debt collection policy;
- Hospital's charity care and discount payment policies;
- Requirements of the Hospital Fair Pricing Act;

- State and federal debt collection laws (Rosenthal Fair Debt Collection Practices Act and Fair Debt Collection Practices Act);

- Patient rights and protections under applicable laws.

Documentation: The Hospital shall maintain records of all training sessions, including attendance records and training materials.

Policy Review: This policy shall be reviewed at least annually by the Hospital's compliance officer or designated compliance committee and updated as necessary to maintain compliance with current legal requirements, including but not limited to California Health and Safety Code Section 127400 et seq. (Hospital Fair Pricing Policies). All reviews and updates shall be documented and approved by the Hospital's governing body.

XII. LAWSUIT CERTIFICATION REQUIREMENTS

Pre-Lawsuit Certification: Before commencing any civil action for nonpayment of a Hospital bill, the Hospital or any debt collector acting on its behalf shall certify to the court, under penalty of perjury, that the Hospital has screened the patient or responsible party for eligibility for:

- Charity care under the Hospital's charity care policy;

- Discount payment under the Hospital's discount payment policy;

- Enrollment in Medi-Cal;

- State Children's Health Insurance Program; and

- Other local, state, or federal health coverage programs.

Compliance Certification: The certification shall also confirm that the Hospital has complied with all notice requirements, including the 180-day waiting period before commencing a civil action under Section IV of this policy, and all procedural protections required by California Health and Safety Code Section 127400 et seq. (Hospital Fair Pricing Act) before filing the lawsuit, and that no Extraordinary Collection Action has been taken against the patient during the application period or while the Hospital is making a determination of eligibility for financial assistance.

Applicability: This certification requirement applies to all civil actions filed by the Hospital, any assignee of the Hospital, any collection agency acting on behalf of the Hospital, or any debt buyer that has purchased Hospital debt. The Hospital shall include contractual provisions in all debt sale, assignment, or collection agency agreements requiring compliance with this certification requirement and all applicable provisions of California Health and Safety Code Section 127400 et seq.

Documentation: The Hospital shall maintain documentation supporting the certifications made to the court, including records of screening attempts, eligibility determinations, and communications with the patient, for a minimum of seven (7) years from the date of filing any civil action or from the date the debt is resolved, whichever is later. Such documentation shall be made available to the court upon request and to the patient or their authorized representative within fifteen (15) business days of a written request.

XIII. CONTACT INFORMATION

Questions about this policy should be directed to:

Director of Patient Financial Services

Phone: (760) 876-5501

Website: www.sihd.org

Approved by: Kevin Flanigan, MD, CEO & Legal Counsel

Date: 06/30/2026