



LOMA LINDA
UNIVERSITY
MEDICAL CENTER

LOMA LINDA UNIVERSITY MEDICAL CENTER

OPERATING POLICY

CATEGORY: FINANCE

SUBJECT: BILLING AND COLLECTIONS

CODE: C-55

EFFECTIVE: 08/2023

REPLACES: 12/2022

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PURPOSE:

This policy applies to Loma Linda University Medical Center, Loma Linda University East Campus Hospital, Loma Linda University Surgical Hospital, Loma Linda University Health Beaumont-Banning, and Loma Linda University Behavioral Medicine Center (hereinafter collectively "LLUMC").

The Billing & Collection Policy (BCP), together in coordination with the LLUMC Financial Assistance Policy (FAP), is intended to meet the requirements of applicable federal, state and local laws, including and without limitation, Section 501(r) of the Internal Revenue Code and California Health and Safety Code Sections 127400 – 127446, as amended, and any regulations promulgated there under.

The BCP applies to all patients and/or responsible parties who receive hospital medical care at LLUMC. The guiding principles behind this policy are to treat all patients and individuals responsible for payment equally, with dignity and respect. 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.

This policy defines the requirements and processes used by the LLUMC Patient Business Office when making arrangements with patients or individuals responsible for payment of a bill for services rendered. The BCP is designed to ensure appropriate billing and collection procedures are uniformly followed including reasonable efforts are being made to determine whether the individuals responsible for payment of all or a portion of a patient account are eligible for assistance under the FAP. This policy also defines the standards and practices used by LLUMC for collection of debts arising from nonpayment for hospital medical care provided by LLUMC, including but not limited to extraordinary collection actions (ECA).

LLUMC will not deny emergency or other medically necessary care based on a patient's ability to pay.

DEFINITION OF TERMS:

Application Period: The time period in which an individual may apply for financial assistance.

Patients/guarantors may complete an application for financial assistance prior to receiving services, during a patient stay, or after services are completed and the patient has been discharged.

Authorized Vendors: Those vendors LLUMC may contract with to produce and send letters, notices, bills and/or other statements to patients/guarantors regarding amounts owed by the patient/guarantor and to contact the patient regarding payment of their unpaid bills.

Extraordinary Collection Actions (ECAs): Actions taken by LLUMC against an individual related to obtaining payment of a bill for care covered under the LLUMC Financial Assistance Policy and may include the following: (a) LLUMC **does not sell patient debts** to any third party for collection. In the event that LLUMC changes this policy and decides to sell patient debt to a third party, it will not sell an individual's debt to another party except as expressly provided by state and federal law; (b) reporting adverse information about the individual to consumer credit bureaus; and (c) certain actions that require a legal or judicial process as specified by federal law, including some liens, foreclosures on real estate, attachments/seizures, commencing civil action, causing an individual to be subject to a writ of attachment, and garnishing an individual's wages. ECAs do not include any lien that a hospital is entitled to assert under state law on the proceeds of a judgment, settlement or compromise owed to an individual (or his or her representative) as a result of personal injuries for which a hospital provided care.

Financial Assistance Policy (FAP): The policy established by LLUMC for the provision of financial assistance for eligible patients/guarantors who are in need of financial assistance, specifically the LLUMC FAP.

Internal Revenue Code 501(r): Includes regulations that apply to charitable hospitals.

Medically Necessary Care: Healthcare services as defined by California Welfare & Institutions Code

§14059.5. A service is medically necessary or a medical necessity when it is reasonable and necessary to protect life, to prevent significant illness or significant disability, or to alleviate severe pain. Excluded from this definition are unique services where medically efficacious alternative therapies are available. Examples include: 1) Cosmetic and/or plastic surgery services; 2) Infertility services; 3) Vision correction; 4) Proton Therapy; 5) Robotic procedures; 6) Orthotics/Prosthetics; 7) Surrogate pregnancy; 8) Substance abuse services; 9) Partial hospitalization program; 10) Other services that are primarily for patient comfort and/or patient convenience.

Plain Language Summary (PLS): A summary of the Financial Assistance Policy that is easy to read, easy to understand and easy to use.

PATIENT BILLING POLICY & PROCEDURES:

- A. LLUMC and the patient/guarantor party share responsibility for timely and accurate resolution of all patient accounts. Patient/guarantor cooperation and communication is

essential to this process. LLUMC will make reasonable, cost-effective efforts to assist patients/responsible parties with fulfillment of their financial responsibility.

- B. The LLUMC Patient Business Office is primarily responsible for the timely and accurate collection of all patient/guarantor accounts. Patient Business Office personnel work cooperatively with other hospital departments, members of the medical staff, patients/guarantors, insurance companies, collection agencies and others to assure that timely and accurate processing of patient/responsible party accounts can occur.
- C. Accurate information provides the basis for LLUMC to correctly bill patients/guarantor 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/guarantor to assure that all necessary billing information is received by LLUMC prior to the completion of services
- D. It is the obligation of every patient/guarantor to provide a correct mailing address, telephone number and other required information for patient registration at any LLUMC service point. Such information shall be updated by the patient or guarantor in the event that they move or if there are other changes to the information previously provided. Failure by the patient/guarantor to provide accurate information that is reasonable and necessary for the hospital to make a determination regarding the patient/guarantor's account, LLUMC may consider that failure in making its determination.
- E. Medical care at LLUMC 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, LLUMC provides the following plain language summary to patients/guarantors 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/guarantor request, a complete itemized statement of charges will be provided.
 - b. A written request that the patient/guarantor inform LLUMC 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/guarantor that they may be eligible for Medicare, Medi-Cal, California Children's Services Program, health plans available through Covered California or the LLUMC Financial Assistance Program.

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- 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. LLUMC 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 LLUMC 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 LLUMC 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.
- F. LLUMC provides financial counselors to assist uninsured patients with evaluating potential options for financial coverage of services provided at LLUMC. Financial counselors will assist the patient/guarantor with applications for government coverage programs, LLUMC financial assistance applications, and/or other possible options to help the uninsured patient/guarantor seek financial coverage which may be available to them.
- G. Each patient's/guarantor's account will be assigned to an appropriate Patient Business Office representative based upon established criteria and staff workloads. Once a patient/guarantor 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.
- H. If the account may be payable by the patient's/guarantor's insurer, the initial claim will be forwarded directly to the designated insurer. LLUMC Patient Business Office personnel will work with the patient's/guarantor'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 primary insurer has been determined by LLUMC, any secondary or tertiary payers will have claims filed by LLUMC on behalf of the patient/guarantor.
- I. Once all insurance claims on an account have been resolved, any residual patient/guarantor liability balance, for example a co-payment or deductible amount, will be billed directly to the patient/guarantor. Any or all patient/guarantor balances are due and payable within 30 days from the date of this first bill.

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- J. If there are no insurance claims to be filed and the account is payable only by the patient/guarantor, it will be classified as a Self-pay account. Self-pay accounts may potentially qualify for government coverage programs, financial aid under the LLUMC Financial Assistance Policy, or other policy discounts. Patients/guarantors 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.
- K. In the event that a patient/guarantor 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 Financial Assistance process, shall be refunded to the patient/guarantor with interest within 30 days from the date the payment was received by the hospital. 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/guarantor as part of a refund is less than Five Dollars (\$5.00), no interest will be paid to the patient/guarantor.
- L. Self-pay accounts may be subject to a credit history review. LLUMC will use a reputable, nationally based credit reporting system for the purposes of obtaining the patient/responsible party's historical credit experience.
- M. After insurance claims are resolved and/or if there are no insurance claims to be filed, all accounts, whether insured or uninsured will follow and complete the same processes for collection of patient balances due LLUMC.
- N. Account amounts due from patients/guarantors will not be forwarded to collection status when the patient/guarantor makes reasonable efforts to communicate with LLUMC Patient Business Office representatives and makes good faith efforts to resolve the outstanding account. LLUMC Patient Business Office representatives will determine if the patient/guarantor are continuing to make good faith efforts to resolve the account due LLUMC and may use indicators such as: application for Medi-Cal, or other government programs; application for the LLUMC FAP; regular partial payments of a reasonable amount; negotiation of a payment plan with LLUMC and other such indicators that demonstrate the patient's/guarantor's effort to fulfill their payment obligation.
- O. Patient/guarantor account balances in Self-pay status will be considered past due after 30 days from the date of first post-discharge bill. The Assistant Vice-President of the Patient Business Office 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. Prior to being advanced to collection status, Self-pay accounts must receive:
- 1) a written statement of charges;
 - 2) a request that the patient inform LLUMC of any insurance coverage that may apply to the account;
 - 3) information about government financial assistance including a Medi-Cal or county program application;
 - 4) information about the LLUMC financial assistance program, hospital financial counselor contacts and a program application;
 - 5) local consumer assistance center contact information;

- P. Prior to debt collection by the hospital or its collection agencies, or the sale of any debt for collection purposes, the LLUMC or its agents must comply with all of the following: 1) notice to the patient including the date of service; 2) who will be collecting the debt; 3) how to obtain an itemized bill for the services received; 4) the name of any insurance plan for the patient, or a statement that LLUMC does not have any insurance coverage information; and 5) a LLUMC financial assistance application, along with documentation of the date a financial assistance application was provided to the patient and/or when a financial assistance determination was noticed to the patient.
- Q. Accounts may be advanced to collection status by LLUMC or its Authorized Vendors after 180 days according to the following schedule:
- a. LLUMC or its Authorized Vendors will provide the patient/guarantor with five (5) billing statements via mail including notice that financial assistance may be available. LLUMC will also attempt to contact each patient/guarantor by telephone at least once during which notice of the LLUMC FAP will be offered to the patient/guarantor.
 - b. Any or all account balances, due from the patient/guarantor, where no payment has been received, and the patient/guarantor has not communicated with LLUMC within 60 days of initial billing, may be forwarded to collection status when:
 - i. a minimum of one bill showing details at the revenue code summary level and four (4) cycle statements have been sent to the patient/guarantor;
 - ii. at least one telephone contact attempt has been made and documented; and
 - iii. notice is provided to the patient/guarantor that payments have not been made in a timely manner and the account will be subject to collection 30 days from the notice date.
- R. After 30 days or anytime when an account otherwise becomes past due and subject to internal or external collection, LLUMC 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."**

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- b. Non-profit credit counseling services may be available in the area. Please contact the LLUMC Patient Business Office if you need more information or assistance in contacting a credit counseling service.**
- S. LLUMC offers patients/guarantors 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/guarantor to LLUMC and the patient's/guarantor'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/guarantor's responsibility to contact the LLUMC Patient Business Office if circumstances change and payment plan terms cannot be met.
- T. Certain patients/guarantors who have qualified for LLUMC discounted partial financial assistance are eligible for a Qualified Payment Plan as described in the LLUMC Financial Assistance 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 LLUMC Patient Business Office representative. Qualified payment plans are free of any interest charges. Once a qualified payment plan has been approved by LLUMC, any failure to pay all consecutive payments due during any 90-day period will constitute a payment plan default. It is the patient/guarantor's responsibility to contact the LLUMC Patient Business Office if circumstances change and payment plan terms cannot be met. However, in the event of a payment plan default, LLUMC will make a reasonable attempt to contact the patient/guarantor by telephone and also give notice of the default in writing. The patient/guarantor 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/guarantor 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.
- U. For all patient/guarantor 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 E, parts (a) through (g). This will be accomplished by sending a written billing supplement with the first patient/guarantor 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/guarantor's account.
- V. LLUMC will only utilize external collection agencies (Authorized Vendors) with which it has established written contractual agreements. Every collection agency performing

services on behalf of LLUMC must agree to comply with the terms and conditions of such contracts as specified by LLUMC. All collection agencies contracted to provide services for, or on behalf of LLUMC, shall also agree to comply with the standards and practices defined in the collection agency agreement; including this Billing and Collection Policy, the LLUMC Financial Assistance Policy and all legal requirements including those specified in the California Health & Safety Code and Internal Revenue Code Section 501(r).

- W. LLUMC or its Authorized Vendors will not engage in Extraordinary Collection Actions (ECAs), until 180 days after the date of the first post-discharge billing statement for the care at issue and before reasonable efforts have been made to determine whether the patient/guarantor is eligible for financial assistance under the LLUMC FAP.
- X. At least thirty days (30) prior to initiating any ECAs, LLUMC or its Authorized Vendors will:
- a. Provide the patient/guarantor with a Plain Language Summary of the LLUMC Financial Assistance Policy;
 - b. Make an oral attempt to contact the patient/guarantor via telephone at the last known patient/guarantor telephone number; and
 - c. Provide the patient/guarantor with written notification of the ECAs which LLUMC intends to initiate to obtain payment for care rendered to the patient.
- Y. In accordance with the LLUMC Financial Assistance Policy, a patient may submit an application for LLUMC financial assistance at any point during the revenue cycle. LLUMC or its Authorized Vendors may identify a patient/guarantor potentially eligible for financial assistance in accordance with the LLUMC FAP. In the event that a financial assistance application is received by LLUMC or any Authorized Vendor subsequent to initiation of ECAs, LLUMC or its Authorized Vendor shall immediately suspend enforcement of ECAs. During the period of ECA suspension, LLUMC shall make reasonable efforts to determine whether the patient/guarantor is eligible for financial assistance under the FAP. Patients/guarantors must make reasonable efforts to provide accurate information when completing the Financial Assistance Application. LLUMC at its sole discretion, but no sooner than thirty (30) days from the start of suspension of ECAs, may determine if the patient/guarantor has made reasonable efforts to cooperate with the LLUMC financial assistance application process. Collection activity may resume in the following situations:
- a. The patient/guarantor fails to cooperate with the financial assistance application process; or
 - b. LLUMC determines that the patient/guarantor is not eligible for financial assistance under the LLUMC financial assistance policy.
- Z. If a patient/guarantor has filed an appeal for coverage of services, LLUMC will extend the 180-day limit on reporting of adverse information to a credit reporting agency and/or will

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not commence any civil action, or other ECAs until a final determination of the pending appeal has been made. Patient appeals may include:

- a. a grievance against a contracting health plan;
- b. seeking an independent medical review;
- c. a fair hearing for a review of a Medi-Cal claim pursuant to California requirement; and
- d. an appeal regarding Medicare coverage pursuant to federal law and regulation;

AA. LLUMC and/or its external collection agencies (Authorized Vendors) 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 LLUMC and/or its collection agencies must be authorized and approved in advance, in writing by the LLUMC Patient Business Office Assistant Vice-President or the Vice-President of the Revenue Cycle. Any legal collection action must conform to the requirements of the California Health & Safety Code and Internal Revenue Code Section 501(r). LLUMC, 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 LLUMC Patient Business Office Assistant Vice-President or the Vice-President of the Revenue Cycle.

APPROVERS: LLUMC Board, LLUMC Chief Executive Officer, LLUMC Chief Financial Officer, LLUMC Hospital Cabinet