DEPARTMENT: Business Office ☑Rosemead Campus ☑Downtown Campus ☑West Covina Campus	**POLICY TITLE:** **DEBT COLLECTION**
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APPROVED BY: Governing Board	**APPROVAL/EFFECTIVE DATE:** 03/2019
EFFECTIVE DATE/REVISED DATE (S): 03/2019, 03/2022, 01/2025, 05/2026	
NEXT REVIEW DATE: 05/2027	☐ RETIRED DATE:
ATTACHMENTS:	

PURPOSE

To standardize policies concerning the use of collection agencies. To ensure the proper handling of accounts submitted to collection agencies.

POLICIES

1. Collection Agency Approval. The Business Office must approve the selection and use of any collection agency, attorney, assignee, debt buyer, affiliate, subsidiary, or other collector.

2. Pre-Collection Review. Patient debt may be advanced to collection only after the Business Office or designee confirms and documents that billing, financial-assistance, coverage, appeal, dispute, and reasonable-payment-plan reviews are complete.

3. Collection Holds. The Hospital shall not refer, assign, sell, or pursue collection while the patient is applying for Financial Assistance, Charity Care, Discount Payment, Medi-Cal, public coverage, or other coverage; appealing a determination; disputing the bill; negotiating a reasonable payment plan; or making regular payments under a reasonable payment plan.

4. Required Notice Before Collection or Sale. Before assigning a bill to collections, referring a bill to an attorney, or selling patient debt, the Hospital shall provide all notices required by Health and Safety Code section 127425 and HCAI requirements, including applicable dates of service and information about financial assistance and itemized bill rights.

5. Financial-Assistance Information. The Hospital and its collectors shall not use or disclose tax returns, paystubs, bank records, financial-assistance applications, or other income documents submitted for Charity Care or Discount Payment eligibility for any debt-collection purpose.

6. Prohibited Collection Activity. The Hospital and its collectors shall not threaten, harass, use abusive language, report adverse information to any consumer credit reporting agency or credit bureau, place liens on real property, force or threaten sale of real property, or collect amounts that should be adjusted due to financial assistance, public coverage, insurance, or billing error.

7. Reasonable Payment Plans. All extended payment plans shall be interest-free. If the Hospital and patient cannot agree on a plan, the Hospital shall establish a reasonable payment plan as required by law. A plan may not be declared inoperative until required contact attempts, written notice, and opportunity to renegotiate or cure have been provided and documented.

8. 180-Day Civil Action Rule. No civil action may be filed by the Hospital or any collector until at least 180 days after initial billing and only after required notices, financial-assistance screening, coverage review, payment-plan review, balance verification, and collector certification are complete.

9. Debt Sale Restrictions. Patient debt shall not be sold unless permitted by Health and Safety Code section 127425 and HCAI requirements. Any sale agreement must require compliance with this Policy, financial-assistance rules, no-credit-reporting rules, no-lien/no-real-property-sale rules, account-return requirements, and lawsuit restrictions.

10. Collector Contract Requirements. All collection agencies, attorneys, assignees, debt buyers, affiliates, subsidiaries, and other collectors must agree in writing to comply with this Policy, the

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Hospital Financial Assistance Policy, Health and Safety Code section 127400 et seq., Health and Safety Code section 127425, HCAI requirements, the Rosenthal Act, FDCPA, and all applicable laws.

11. Account Recall and Correction. The Hospital shall suspend, recall, cancel, return, or correct any account if a protected review is pending, the patient later qualifies for assistance, the balance is inaccurate, or the account was placed, assigned, sold, or pursued in error.

12. Posting, Submission, and Records. The Hospital shall maintain, post, submit, and update this Policy as required by HCAI. Records showing compliance with notices, reviews, holds, payment plans, recalls, debt sales, and legal referrals shall be retained for at least five years or longer if required by law or Hospital policy.

PROCEDURES

Account Placement Checklist

Before placement with a collection agency, attorney, assignee, debt buyer, affiliate, subsidiary, or other collector, the Business Office shall verify and document:

- Date of initial billing and dates of service.
- Required billing and HCAI financial-assistance notices were provided.
- Financial Assistance, Charity Care, Discount Payment, Medi-Cal, public coverage, appeal, dispute, and payment-plan status were reviewed.
- No collection hold applies and the patient is not making regular payments under a reasonable payment plan.
- The account balance is accurate and all required adjustments were applied.
- For civil action, at least 180 days have passed since initial billing and collector certification is complete.
- For debt sale, all Health and Safety Code section 127425 and HCAI debt-sale requirements are satisfied.

Monthly Collection Agency Reporting

Each agency shall provide monthly inventory and reconciliation reports showing account status, payments, returns, cancellations, holds, legal status, active accounts, collections, remaining balances, and recovery percentages.

Collection Commissions

Commissions shall be invoiced separately and paid through Accounts Payable only after review and approval by the Business Office Manager and Chief Financial Officer. No commission shall be paid on amounts collected in violation of this Policy.

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Payments Received at the Facility

The Hospital may accept payments for accounts placed with collection agencies. Checks marked "payment in full" shall not be accepted unless the amount due is verified and documented.

Payments shall be posted using the actual deposit date and reported to the agency for reconciliation.

Assignment Materials Provided to Agency

Upon lawful assignment, the Business Office may provide billing copy, face sheet, insurance information, payment history, correspondence, signed assignment of benefits, conditions of admission statement, and A/R notes. Original patient financial folders shall never be removed from the facility. Financial-assistance income documents shall not be provided for collection purposes.

Compliance Monitoring

The Hospital shall periodically audit collection placements, notices, financial-assistance reviews, payment-plan protections, agency activity, legal accounts, debt sales, recalls, and record retention. Noncompliance shall be corrected promptly.