



Los Angeles County Department of Health Services

Policy & Procedure Title:		CHARGING & COLLECTION OF MEDICAL CARE SERVICES RENDERED	
Category:	500-599 Fiscal & Budget Policy	Policy No.:	530
Originally Issued:	2/1/2006	Update (U)/Revised (R):	4/1/2023
DHS Division/Unit of Origin:	DHS Finance		
Contact Phone Number(s):			
Distribution: DHS-wide	<input checked="" type="checkbox"/>	If not DHS-wide, other distribution:	

PURPOSE:

To establish the guidelines and requirements regarding collection and charging activities for medical care services rendered to patients at Department of Health Services (DHS) facilities.

POLICY:

Subject to the exceptions stated herein, DHS shall charge and pursue the collection of all billable charges for services provided. Such charges shall be at the appropriately established rates and in accordance with applicable DHS's no-cost or low-cost policies. Reimbursement shall be sought from various third-party payors (e.g., Medi-Cal, Medicare, insurance, etc.), the patient, the patient's responsible relatives, or any third-party tortfeasors.

The Director, or her/his designee (hereinafter Director), shall exercise her/his authority to collect delinquent accounts regardless of whether a third-party payor is involved. Pursuant to Los Angeles County Code Section 2.76.045, the Director may contract with one or more outside collection agencies (OCA) to provide delinquent account collection services.

GUIDELINES:

Definitive, standard financial practices, which conform to the requirements set forth below, shall be issued for the Department's collection and charging process.

REQUIREMENTS

- DHS or its contracted billing vendors shall bill third-party payors in accordance with the

respective payor's requirements, including deadlines for claim submission, and shall seek to collect from such resources.

- DHS or its contracted billing vendors shall bill and seek to collect patient's deductible, co-insurance, and other types of patient residual amounts.
- DHS or its contracted billing vendors shall bill all patients or their responsible relative at least once, where the patient is personally liable for some or all of the charges, for all allowable amounts, up to actual charges regardless of amount owed (i.e., minimum balance). Such billing shall occur prior to referral of the account to an OCA.
- DHS or its contracted billing vendors shall refer delinquent self-pay and self-pay residual accounts to an OCA. However, neither DHS nor its OCA shall pursue collection efforts against a Medi-Cal patient for services within the Medi-Cal scope of coverage for which Medi-Cal has been billed, except to collect the patient's Medi-Cal share of cost. However, collections efforts may be made for services which are outside of the scope of Medi-Cal coverage.
- Self-pay residual amounts related to Medicare deductibles and co-insurance shall be pursued using the same processes, and at least as vigorously as those accounts not related to Medicare patients. However, neither DHS nor its OCA shall pursue collection of Medicare deductibles and co-insurance for services within the Medi-Cal scope of benefits which relate to patients who are also Medi-Cal eligible, except to bill Medi-Cal for such services.
- DHS financial processes and procedures shall delineate the circumstances under which accounts may be referred to OCA, and shall indicate the entity responsible for making those referrals.
- DHS and its OCA shall comply with all federal, state and local legal requirements and restrictions on collection activities, including but not limited to the Rosenthal Fair Debt Collection Practices Act (California Civil Code Section 1788), the Federal Fair Debt Collection Practices Act, and California's Fair Pricing Policies (See California Health & Safety Code § 127400 et seq.
- In collecting DHS patient accounts, personnel shall be courteous and respectful.
- Persons collecting DHS accounts may not communicate with the patient or a person liable for the patient's debt, at any unusual time or place known to be inconvenient to the patient or responsible party.
- Persons collecting DHS accounts shall only communicate with the patient or the person liable for the patient's debt, unless authorized in writing by the patient to speak with someone else.
- Persons collecting DHS accounts shall make efforts to protect the confidentiality of patient's personal health information in accordance with the Health Insurance Portability and Accountability Act.
- Persons collecting DHS accounts may not engage in conduct, the result of which is to harass, oppress or abuse the patient or his/her responsible party.

- DHS and its OCA shall make available to all patients an Extended Payment Plan. Such plan shall be interest free.
- Persons collecting DHS accounts may not make any false or misleading representations in collecting such accounts.
- No patient account may be considered uncollectible and recommended for write off unless at least 180 days have passed since the patient was first billed.
- Under no circumstance will DHS and its OCA report adverse information to a consumer credit reporting agency.
- Patients receiving services in a County hospital may request and be screened for discounted or charity care eligibility under the Ability-to-Pay (ATP) program or other (Financial Assistance Programs and Charity Care Programs (FAPs), per policy 515.
- DHS or the OCA shall not use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.
- DHS or the OCA shall pursue reimbursement and any enforcement remedies from third-party liability settlements, tortfeasors, or other legally responsible parties, irrespective of the existence of an ATP agreement limiting the patient's personal liability.
- DHS may compromise on an account balance, but in doing so shall follow Los Angeles County Code Section 2.76.046. The OCA shall follow written established guidelines, before compromising any account balance.
- DHS may transfer "DHS identified" accident cases to Treasurer and Tax Collector (TTC).
- DHS shall, in accordance with County Fiscal Manual Sections 10.2.11, 10.2.13, and 10.2.14, report all charges deemed uncollectible to the TTC, recommending write off.
- DHS will ensure that OCA is knowledgeable about the DHS financial assistance policies and aware of their obligation to make the FAPs available to qualified patients.
- DHS will have written policies regarding when and under whose authority patient debt is advanced for collection. DHS will use its best efforts to ensure that patient accounts are processed fairly.
- DHS will have policies on the standards and practices for the collection of debt and shall require all contracted collection agencies to comply with those policies.
- DHS may obtain and retain the written policies from OCA regarding collection practices to ensure compliance with the county policies. DHS shall require its contracted billing vendors and OCA to provide all legally required notices to patients.
- At the time of billing, DHS and OCA shall provide to all low-income uninsured patients at least the same information concerning services and charges as is provided to all others in the same financial class. Bills to uninsured patients shall include all legally required information, including information about possible eligibility for government sponsored programs and about applying for government sponsored programs

including coverage from the California Health Benefit Exchange (Covered California) or FAPs. Note: DHS facilities do not itemize bill. A series of bills (data mailers) are sent. Each of the bills in the series has a slightly different message.

- DHS or OCA shall not, in dealing with low-income or uninsured patients, use wage garnishments (or in most circumstances, sale of the patient's primary residence) as a means of collecting unpaid bills. This requirement does not preclude DHS or OCA from pursuing reimbursement from third-party liability settlements, tortfeasors, or other legally responsible parties.

EXCEPTIONS

Exceptions to this Policy are only as provided in the following Departmental Policy No. 525, "Costs of Health Care Services to Provide Evidence for Criminal Proceedings".

REFERENCE(S)/AUTHORITY:

Federal Fair Debt Collection Practices Act 15 U.S.C. §§ 1692-1692p

California Civil Code §§ 1788-1788.3

California Health & Safety Code § 127400 et seq.

CROSS REFERENCES:

L.A. County Code Sections 2.76.045 and 2.76.046

L.A. County Fiscal Manual Sections 10.2.11, 10.2.13, and 10.2.14

DHS Policy No. 515, "Financial Assistance Programs and Charity Care Policy"

DHS Policy No. 516, "Coverage Verification and Financial Screening Requirements"

DHS Policy No. 530.1, "Claim Submission"

DHS Policy No. 525, "Costs of Health Care Services to Provide Evidence for Criminal Proceedings"