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## Policy : Debt Collection

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### PURPOSE

To ensure a standard process is followed before unpaid accounts are sent to an outside collections agency.

### POLICY

It is the policy of Hazel Hawkins Memorial Hospital (HHMH) Business Office that all accounts are reviewed by the Director of Patient Financial Services before an account is placed with an outside collection agency.

Guarantor balances will not be forwarded to a collection agency when the guarantor makes reasonable efforts to communicate with the billing office and makes good faith efforts to resolve the outstanding balance on an account. These efforts include, but are not limited to applying for government funded insurance coverage or applying for financial assistance (e.g., Discount payments or charity care). See the Financial Assistance policy for more information.

HHMH shall not use information from income tax returns, paystubs, or other monetary asset documentation collected for determining financial assistance eligibility for collection activities.

HHMH shall not use wage garnishments or property liens as a means of debt collection.

### PROCEDURE

1. All self-pay accounts will be sent to the contracted self-pay company within 30 days of discharge. When there is a guarantor balance on an account after insurance has paid their portion, the remaining balance will be sent to the contracted self-pay company within 30 days after insurance processing.
2. The self-pay company will make every effort to collect the remaining guarantor balance on the account. If there is no response from the patient after 180 days of the initial billing, the account will be closed, flagged for collections, and returned to HHMH for review.
3. All accounts will be reviewed before sending to a collections agency.
  - a. A patient account representative will confirm the following:
    - i. The balance of the account is the responsibility of the patient and determine if the patient has Medi-Cal.
    - ii. The patient or guarantor is not attempting to qualify for financial assistance.

- iii. The patient or guarantor is not making a good faith effort to settle an outstanding bill.
      - iv. The patient or guarantor is not making regular partial payments of a reasonable amount.
    - b. Once confirmed, the Director of Patient Financial Services (PFS) will review and approve sending the account to the collections agency.
  - 4. Before assigning a bill to collections, a notice will be sent to the patient with the following information:
    - a. The date or dates of service of the bill that is being assigned to collections.
    - b. The name of the collections agency that the debt is being sent to.
    - c. A statement informing the patient how to obtain an itemized bill.
    - d. The name and plan type of health coverage for the patient on record at the time of services or a statement that the hospital does not have that information.
    - e. An application for financial assistance.
    - f. The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent an application for financial assistance, and if applicable, the date a decision on the application was made.
  - 5. Once approved for sending to collections, the account will be placed in "pre-collect" status in the HHMH billing system.
  - 6. A Collections Agency Report will be prepared and sent to the Board of Directors for review and approval. The following information will be included in the report:
    - a. Bad debt write off cover page
    - b. Statistics by amount assigned from the collections agency
    - c. Bad debt recovery from the previous month
    - d. Charity care write off detail
    - e. Bad debt write off accounts by detail
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## REFERENCES

1. California Department of Public Health (CDPH). California Code of Regulations (CCR) Title 22, Division 7, Chapter 9.2: Hospital Fair Billing Program. Retrieved on November 25, 2025.
2. California Department of Public Health (CDPH). CA Health and Safety Code, Division 107, Part 2, Chapter 2.5: Hospital Fair Pricing Policies. Retrieved on November 25, 2025.

## AFFECTED DEPARTMENTS

Billing department, Patient Financial Services

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**Approvals**

- **Committees:**

- **Signers:**

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**Attachments:**

(REFERENCED BY THIS DOCUMENT)

**Other Documents:**

(WHICH REFERENCE THIS DOCUMENT)

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<http://hzh-iis.hazelhawkins.com/?returnto=%2Fcgi%2Fdoc-gw.pl%3Fref%3Dhvh%3A12548>.