



CHINESE HOSPITAL

845 JACKSON STREET, SAN FRANCISCO, CA 94133

DEBT COLLECTION POLICY

POLICY & PROCEDURE#: PFS.01.02

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1. Policy

Chinese Hospital establishes this policy regarding the collection of unpaid patient bills.

It is the responsibility of the Hospital Director of Patient Financial Services, with approval from the Hospital Chief Financial Officer, to develop procedures to implement this Policy.

2. Purpose

The purpose of this policy is to define standards and practices for the collection of debt, when and under whose authority patient debt is advanced for collection, and whether the collection activity is conducted by the hospital, an affiliate or subsidiary of the hospital, or by an external collection agency, or debt buyer. This policy will include the billing and collection practices of Chinese Hospital and vendors who perform services for Chinese Hospital.

3. Definitions

3.1 Application Period

Under HSC section 127405(e)(3), eligibility for discount payment or charity care shall be determined at any time, and Chinese Hospital shall not impose time limits for applying for charity care or discount payments, nor deny eligibility based on the timing of a patient's application.

3.2 Collection Agency

The Collection Agency is the external, third-party collection agency that is authorized by Chinese Hospital to engage in debt collection activities after the patient has failed to pay, or make arrangements acceptable to Chinese Hospital to pay, a bill issued as part of the hospital's normal billing cycle. Chinese Hospital will not assign patient debt to any other entities other than the Collection Agency.

3.3 Application for Financial Assistance (High Medical Cost) or Charity Care Discount

The Application for Financial Assistance (High Medical Cost) or Charity Care Discount shall be the application for Financial Assistance and should be completed within the



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Application Period. The Application allows for the collection of information to determine eligibility for Financial Assistance.

3.4 Discount Payment

Discount Payment is defined as any charge for care that is reduced but not free to qualifying patients to relieve the patient and his or her guarantor of a portion of their financial obligation to pay for Eligible Services (as defined below). Discount Payment does not reduce the amount, if any, that a third party may be required to pay for Eligible Services provided to the patient. Eligibility for Discount Payment is discussed in the Financial Assistance Program Policy.

3.5 Eligible Patients

Patients who are eligible for financial assistance are:

- a. Self-Pay Patient/Uninsured (as defined below);
- b. A patient with High Medical Costs (as defined below) who are at or below 400 percent of the federal poverty level;
- c. An insured patient with non-covered charges.

3.6 Self-Pay Patient/Uninsured Patient

A Self-Pay Patient/Uninsured Patient is a patient who does not have third-party coverage from a health insurer, health care service plan, government-sponsored healthcare program (e.g., Medicare or Medicaid/Medi-Cal), and whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance or third party payer as determined and documented by the hospital.

3.7 Eligible Services

Financial assistance pursuant to this policy is only available for services provided under Chinese Hospital's general acute care hospital license.

This includes:

- a. Emergency medical services provided in an emergency room setting;
- b. Non-elective services provided in response to life-threatening or health-threatening circumstances

The following services are excluded as ineligible for the application of Financial Assistance under this policy, except as required by law:

- a. Purchases from Chinese Hospital's retail operations, such as gift shops & cafeteria;
- b. Physician Services that are not billed by Chinese Hospital

3.8 Essential Living Expenses

Essential living expenses include any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support,



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transportation and auto expenses, including insurance, gas and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.

3.9 Federal Poverty Level (FPL)

The FPL is defined by the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current FPL guidelines can be referenced at <http://aspe.hhs.gov/poverty-guidelines>. Chinese Hospital will always use the most currently published FPL information available but are NOT required to go back and change a charity determination when a new FPL is issued. FPLs are effective when received by Chinese Hospital and are not service date driven. Patient Financial Services will provide new FPL data to each facility as soon as it is received.

3.10 Financial Assistance Policy

The Financial Assistance Program Policy is the policy that Chinese Hospital has established for the provision of Charity Care and Discount Payment for Eligible Patients (defined above), which are referred to collectively in this and other policies as “Financial Assistance.”

3.11 Income

Modified Adjusted Gross Income (MAGI), as defined by the IRS.

3.12 Patient's Family

A Patient's Family includes:

- a. For patients 18 years of and older, patient's family is defined as their spouse, domestic partner, as defined in Section 297 of the Family Code, disabled children of any age, and dependent children of any age, whether living at home or not; and parents when the patient is a dependent child who is not a minor.
- b. For patients under 18 years of age, patient's family means a parent, caretaker relatives, disabled children of any age, and other children under 21 years of age of the parent or caretaker relative.

3.13 Patient with High Medical Costs

High medical costs is defined as any out of pocket costs and expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing.

A patient whose current Patient Family Income (defined above) does not exceed 400 percent of the Federal Poverty Level, and who also meets one of the following two criteria:

- a. Annual out-of-pocket costs incurred by the patient at Chinese Hospital exceed the lesser of 10% of current Patient Family Income (defined above) or the Patient



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- Family Income in the prior 12 months prior to the date on which the service was provided at Chinese Hospital; or
- b. Annual out-of-pocket medical expenses exceed 10% of the Patient Family Income, if the patient provides documentation of the patient's medical expenses paid by the patient or the Patient's Family in the prior 12 months.

3.14 Pending Appeals

A Pending Appeal is any of the following:

- a. A grievance against a contracting health care service plan or against an insurer consistent with state law and regulations.
- b. An independent medical review consistent with state law and regulations.
- c. A fair hearing for a review of a Medi-Cal claim consistent with state law and regulations.
- d. An appeal regarding Medicare coverage consistent with federal law and regulations.

3.15 Patient Family Income

The income earned by the Patient's Family.

3.16 Reasonable Payment Plan

A Reasonable Payment Plan is an extended payment plan in which the monthly payments are not more than 10% of a Patient Family Income excluding deductions for Essential Living Expenses (as defined above).

4. Principally Affected Departments

This Policy is only applicable for departments serving Chinese Hospital functions on Chinese Hospital's general acute care hospital license.

5. Debt Collection Policy

5.1 Payment Plan and Reasonable Payment Plan for Discount Payment

Patients approved for Discount Payment may choose to enroll in an extended payment plan to allow payment of the discounted price over time.

If a patient is eligible for Discount Payment because the Patient's Family Income is 400% or less of the FPL, then upon request, Chinese Hospital will provide an extended payment plan, which will allow payment of the discounted price over time. Chinese Hospital and the patient or patient's guarantor shall negotiate the terms of the payment plan and take into consideration the Patient's Family Income and Essential Living Expenses. If Chinese Hospital and the patient cannot agree on the payment plan, Chinese Hospital shall implement a Reasonable Payment Plan.



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Extended payment plans offered by Chinese Hospital to assist Eligible Patients, or any other policy adopted by Chinese Hospital to assist low- income patients with no insurance or high medical costs in settling outstanding past due bills, will be interest-free.

Chinese Hospital or its Collection Agency may declare a payment plan no longer operative after the patient's failure to make all consecutive payments due during a 90-day period. Before declaring the extended payment plan no longer operative, Chinese Hospital or its Collection Agency will:

- a. Make a reasonable attempt to contact the patient by telephone, and to give written notice that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan; and
- b. Attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient or patient's guarantor.

The notice and telephone call to the patient may be made to the last known telephone number and address of the patient.

If the payment plan is declared inoperative due to failed attempts to bring a set payment arrangement current or renegotiations fail, collection efforts will move forward. Accounts will be considered at the first step of collections and will receive a final pre-collection letter giving 30 days to pay the account in full. Should the 30-day time period lapse with no resolution, the account will be forwarded to begin outside collection services.

If the patient fails to make all consecutive payments for 90 days and fails to renegotiate a payment plan, the patient is still obligated to make payments on the obligation owing to Chinese Hospital pursuant to any contract or applicable statute from the date that the extended payment plan is declared no longer operative.

All medical debt contracts entered into on or after July 1, 2025, shall contain the following statement:

"A holder of this medical debt contract is prohibited by Section 1785.27 of the Civil Code from furnishing any information related to this debt to a consumer credit reporting agency. In addition to any other penalties allowed by law, if a person knowingly violates that section by furnishing information regarding this debt to a consumer credit reporting agency, the debt shall be void and unenforceable."

Medical Debt is generally defined as a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices.



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Chinese Hospital or its Collection Agency shall not do either of the following:

- a. Report adverse information to a consumer credit reporting agency
- b. Commence a civil action against the patient nonpayment before 180 days after initial billing.

5.2 Determination of Debt Amount for Eligible Patients

In determining the amount of debt Chinese Hospital may seek to recover from Eligible Patients, Chinese Hospital may consider only income and monetary assets, excluding liens, as set forth in Financial Assistance Program Policy.

Information obtained from Income tax returns or paystubs collected for discount payment or charity care eligibility determinations will not be used for collection activities.

5.3 Authorized Vendors

Chinese Hospital may use third party entities to produce and send letters, notices, and/or bills or other statements to patients regarding amounts owed by the patient and to contact patients regarding payment of their unpaid bills. Chinese Hospital shall obtain a written agreement from any third party entity that collects hospital receivables that it will adhere to the hospital's standards and scope of practices. This agreement will require that the third party entity, including the Collection Agency, comply with the hospital's definition and application of a Reasonable Payment Plan. All third party entities, including the Collection Agency, will also agree to comply with this Debt Collection Policy and Chinese Hospital's standard procedures relating to all such communications.

5.4 Timeline for Billing & Collections

Chinese Hospital or an authorized third party entity will send each patient or patient's guarantor a bill for unpaid hospital charges complying with the requirements described above after discharge, including a written summary consistent with Section V.A of the Notice Policy for Financial Assistance. Chinese Hospital may also send follow-up statements periodically thereafter.

A total of 180 days after the date of the first post-discharge bill (for the most recent episode of care, if there are multiple episodes covered by a single bill and for which the patient receives a single notice), under the authority of the Hospital Chief Financial Officer or his/her/their designee, Chinese Hospital may refer the account to the Collection Agency. Prior to referral to the Collection Agency, Chinese Hospital or an authorized third-party entity will provide the patient a notice described below of this policy.

If a patient is attempting to qualify for eligibility under Chinese Hospital's Financial Assistance Policy and is attempting in good faith to settle an outstanding bill with Chinese Hospital by negotiating a reasonable payment plan or by making regular partial



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payments of a reasonable amount, Chinese Hospital shall not send the unpaid bill to the Collection Agency, unless that Collection Agency has agreed to comply with this Policy.

Chinese Hospital will not assign patient debt to any other entities other than the Collection Agency. The Collection Agency shall not assign the patient debt to any other entities except to:

- a. Chinese Hospital;
- b. A tax-exempt organization that abolishes the patient debt by cancellation of the indebtedness; or
- c. Another entity if the Collection Agency is sold to or merged with that entity.

Chinese Hospital or its Collection Agency will also not sell patient debt to any entities.

5.5 Notice Prior to Assigning a Bill to Collections (“Assignment Notice”)

Prior to assigning a bill to the Collection Agency, Chinese Hospital shall send a patient a notice with all of the following information:

- a. The date or dates of service of the bill that is being assigned to collections or sold.
- b. The name of the entity the bill is being assigned or sold to.
- c. A statement informing the patient how to obtain an itemized hospital bill from Chinese Hospital.
- d. The name and plan type of the health coverage for the patient on record with the hospital at the time of services or a statement that the hospital does not have that information.
- e. An application for the Chinese Hospital’s Financial Assistance (i.e. Confidential Financial Statement).
- 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 a financial assistance application, and, if applicable, the date a decision on the application was made.

5.6 Notice Prior to Initiating Collection Actions (“Collection Notice”)

Before engaging in Collection Actions, the Hospital Chief Financial Officer or his/her/their designee or its Collection Agency shall make reasonable efforts to determine an individual is an Eligible Patient whether by utilizing a Presumptive Eligibility Determination, through a determination based on a complete and submitted Confidential Financial Statement, or giving the individual a reasonable opportunity to complete an incomplete Confidential Financial Statement. For patients determined to be eligible for Financial Assistance on the basis of a Presumptive Eligibility Determination, Chinese Hospital shall give the patient a reasonable period of time to apply for more generous assistance, if applicable, before initiating Collection Actions to obtain the discounted amount owed.



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At least 30 days prior to commencing collection activities against a patient, Chinese Hospital or its Collection Agency will provide the patient with a clear and conspicuous written notice that will include the following:

- a. The statement or any further statement required by an amendment to California Health & Safety Code § 127430: "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.
- b. A statement that nonprofit credit counseling services may be available in the area.
- c. A statement that Financial Assistance is available for eligible individuals;
- d. A statement identifying the Collection Actions that Chinese Hospital or its Collection Agency intends to initiate to obtain payment for the care;
- e. A deadline after which such Collection Actions may be initiated that is no earlier than 30 days after the date that the written notice is provided;
- f. A statement describing the Collection Actions that Chinese Hospital (or other authorized party) intends to initiate to obtain payment for the care,
- g. A Plain Language Summary of the Financial Assistance Policy as described in Section V.F of the Notice Policy for Financial Assistance.

The notice shall also accompany any document indicating that the commencement of collection activities may occur.

Chinese Hospital shall also make a reasonable effort to provide oral notification about the Financial Assistance Policy and how the individual may obtain assistance with the Financial Assistance application process at least 30 days before first initiating one or more Collection Actions to obtain payment for the care.

5.7 Interest

Chinese Hospital will charge interest on unpaid bills beginning after the accounts have been referred to the Collection Agency except when such bills are being paid pursuant to a payment plan. The charging of interest on any unpaid bill is not considered a collection action subject to the restrictions described below.

5.8 Collection Actions

Chinese Hospital or its Collection Agency shall not do either of the following:

- a. Report adverse information to a consumer credit reporting agency



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- b. Commence a civil action against the patient nonpayment before 180 days after initial billing.

Chinese Hospital or its Collection Agency may employ the following collection actions, subject to any restrictions described below:

- a. Civil Actions (e.g., litigation).

For any patients, neither Chinese Hospital nor its Collection Agency will commence civil action for non-payments at any time until 180 days after the date of the first post-discharge billing statement.

The costs, including attorney fees, associated with any legal action that Chinese Hospital or its Collection Agency is required to take, may also be the responsibility of the patient.

- b. Renewal of Existing Judgments.

- c. Wage Garnishments.

Wage garnishment amounts will not exceed limits permitted under State laws.

5.8-1 Prohibited Collection Actions for Eligible Patients

For an Eligible Patient, Chinese Hospital and its affiliates or subsidiaries of Chinese Hospital and Collection agencies on behalf of Chinese Hospital will not (a) place liens on the primary residence and/or real estate property(ies) of a patient as a means of collecting unpaid hospital bills, (b) allow the sale of a patient's primary residence and/or real estate property(ies), or (c) defer, deny, or require a payment before providing, medically necessary care because of an individual's non-payment of one or more bills for previously provided care covered under this Policy. Wage garnishment cannot be used on Eligible Patients.

This restriction does not preclude Chinese Hospital facilities from pursuing reimbursement and any enforcement remedy or remedies from third-party liability settlements or other legally responsible parties.

5.8-2 Suspension of Collection Actions for Incomplete Confidential Financial Statement

If a Patient submits an incomplete Confidential Financial Statement during the Application Period, Chinese Hospital will:

- a. Provide the patient with written notice describing the information needed to complete the Confidential Financial Statement, including contact information for the Chinese Hospital office that can provide information about the Financial Assistance Policy and for the hospital office, a nonprofit organization or government agency that can assist with Financial Assistance applications
- b. Not initiate any collection actions or take further action on any previously-initiated collection actions until the patient has failed to respond to requests for



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additional information/documentation within 30 days or after the 180-day period after initial billing has passed, whichever is later.

5.8-3 Suspension of Collection Actions for Processing of Complete Financial Assistance Applications

If a patient with unpaid bills fully completes a Confidential Financial Statement (either initially or by amending an incomplete Confidential Financial Statement within the reasonable period of time allotted) and timely submits all of the required documentation after a collection action has been initiated, Chinese Hospital and its Collection Agency will cease to initiate any collection action or to take further action on any previously-initiated collection actions until an eligibility determination is made as to the patient's Financial Assistance application.

5.9 Bankruptcy Accounts

Upon receipt of a bankruptcy notification, Chinese Hospital and its Collection Agency will cease all collection attempts, including assignment to the Collection Agency. The patient/debtor will not be contacted by any method, including phone calls, letters, or statements after receipt of the notification. All communication, if necessary, must occur with the trustee or the attorney assigned to the case.

5.10 Defining Collection Agency Practices

5.10.1 Standards

Chinese Hospital shall define the Chinese Hospital values-based standards and scope of practices to be used by their third party entities and obtain written agreements from such third party entities that they will adhere to such standards and scope of practices. This includes requiring such third party entities to comply with The Fair Debt Collection Practices Act (FDCPA) and all applicable state and federal laws, including Civil Code §§ 1788-1788.66, Health & Safety Code §127400, et seq., and IRC §501(r) and associated regulations.

5.10.2 Approach

The Collection Agency must make reasonable attempts to work with a patient with unpaid bills to resolve his/her/their account. Aggressive or unethical collection practices are not tolerated by Chinese Hospital.

5.11 Refunds

Chinese Hospital is not required to reimburse a patient if: (1) It has been five years or more since the patient's last payment to hospital/debt buyer, or (2) the patient's debt was sold before January 1, 2022, in accordance with the law at that time.

Chinese Hospital shall reimburse the patient any amount actually paid in excess of the amount due, including interest, after the application of the Financial Assistance. Interest owed by Chinese Hospital to the patient shall accrue at the rate of 10 percent per annum on the principal amount, beginning on the date payment by the patient is



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received by the hospital. However, except for Medicare patients, Chinese Hospital is not required to reimburse the patient or pay interest if the amount due is less than five dollars (\$5.00) as a result of the application of this policy. Chinese Hospital shall refund the patient any amounts required by this provision within 30 days.

5.12 Translations

All billing and collection notices, along with legally-required communications regarding such notices, will be translated into the primary languages spoken in the community that the facility serves and translations will be made available upon request, consistent with Section 127410 of the Health and Safety Code and applicable state and federal law.

The languages to be provided shall be any language spoken by a substantial number of the public served by the facility. As defined under state law, a “substantial number of non-English-speaking people” are members of a group who either do not speak English, or who are unable to effectively communicate in English because it is not their native language, and who comprise 5 percent or more of the people served by the facility.

REFERENCES

- 42 U.S.C § 1395dd(e)
- Internal Revenue Code (IRC) Section 501(c)(3) and Section 501(c)(4)
- Government Code §7290 et seq.
- Health & Safety Code §§ 127400 et. seq.
- Health & Safety Code §1339.585.
- Hospital Fair Pricing Policies, Assembly Bill 2297 & Senate Bill 1061