DEBT COLLECTION PRACTICES (AHS)

Department	Patient Access Services	***Effective Date***	03/2004
Campus	AHS System	***Date Revised***	12/2019, 03/2020, 01/2021, 10/2024
Category	Finance	***Next Scheduled Review***	10/26
Document Owner	Vice President Revenue Cycle	***Executive Responsible***	Chief Financial Officer

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PURPOSE

Alameda Health Systems (AHS) strives to provide quality patient care for the communities we serve. This policy demonstrates AHS's commitment to our mission and vision by helping to meet the needs of the low-income, uninsured and the underinsured patients in our community. The purpose of this policy is to provide patients with information about the manner in which AHS will collect patient debt, including for patients who are eligible for Financial Assistance. This policy will assure that consistent collection practices are followed with respect to both patients and payers and AHS staff, collection agencies and other vendors acting on behalf of AHS comply with all applicable AHS policies and procedures as well as applicable provisions of California law. This policy applies to AHS and any outside agencies working on our behalf.

POLICY STATEMENT

This policy applies to AHS and any outside agencies working on our behalf that have the responsibility to bill patients and applicable third-party payers accurately, timely, fairly and consistently in accordance with all contractual obligations, laws and regulations including without limitation to the California Health and Safety Code and its implementing regulations. AHS will not threaten or treat our patients or payers with disrespect or with an aggressive tone or behavior. AHS collection practices shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation. Pursuant to this policy, AHS shall not deny services due to an individual's inability to pay or knowledge of a previous account in bad debt.

PROCEDURE

A. BILLING PROCEDURE

AHS will pursue payment for debts owed for health care services provided by AHS according to AHS policy and procedures. The procedures for assignment to collections will be applicable to all AHS patients and Guarantors. AHS will comply with relevant federal and state laws and regulations in the assignment and sale of bad debts.

1) Billing Third Party Payers

AHS shall diligently pursue all amounts due from third party payers, including, without

limitation, contracted and non-contracted payers, and any other HMO, PPO group health plans, indemnity insurers, or government program payers that may be financially responsible for a patients' care.

1) Billing Insured Patients

AHS shall promptly bill insured patients for the patient responsibility amount as computed by the Explanation of Benefits (EOB) and directed by the third-party payer. AHS defines prompt billing as 12 months from the time of the payment from the payer. If this time has passed, AHS will consider the amount not billable to the patient.

2) Billing Uninsured Patients

AHS shall promptly bill (as defined above) Uninsured Patients who do not qualify for Financial Assistance for items and services provided using our billed charges less the standard Self-Pay Discount for inpatient and outpatient services. This Self-Pay Discount does not apply to patients who qualified for Financial Assistance or received services that are already discounted, for example, under the Sliding Fee Discount Policy & Procedure – FQHC and Other. This initial invoice to Uninsured Patients will comply with Health and Safety Code section 127420(b) and its implementing regulation, including information about the Financial Assistance Policy and application.

3) Itemized Statements

A patient may request an itemized statement for their account at any time.

4) Disputes

Any patient may dispute an item or charge on their bill. Patients may initiate a dispute in writing or over the phone. Once a dispute is received the account will be placed on hold during the investigation of the dispute.

5) Financial Assistance

AHS will provide a summary of its Financial Assistance policies to all patients provided services at AHS. All billed patients will have the opportunity to contact AHS regarding financial assistance for their accounts. Financial Assistance may include Charity Care, discounted care, or other applicable programs.

The AHS Financial Assistance Policy, AHS Self-Pay and Prompt Pay Discount Policy, and the Financial assistance applications are available free of charge by visiting or contacting:

> Visit our website: https://www.alamedahealthsystem.org/patients-visitors/
> Contact Financial Counselors at 510-437-4961

AHS and contracted collection agencies shall not pursue collection from a patient who has applied for Financial Assistance and is attempting in good faith to settle an outstanding bill by negotiating a reasonable payment plan or making regular partial payments of a reasonable amount. If the patient qualifies for Financial Assistance and the patient has paid AHS more than the adjusted amount due with Financial Assistance, AHS shall refund the amount actually paid to AHS in excess of the amount due including interest at the rate provided in the Code of Civil Procedure Section 685.010 (currently set at 10 percent annually) from the date of AHS's receipt of the overpayment.

AHS will not turn an account over to a collection agency without applying Self-Pay Discount for patients.

B. PAYMENT PLANS

AHS and any Collection Agency acting on our behalf shall offer patients with a patient responsibility portion the option to enter into an to pay their patient responsibility portion and any other amounts due over time.

1) Payment Plan Terms

AHS will also offer extended payment plans for those patients who indicate an inability to pay a patient responsibility amount in a single installment. All payment plans shall be interest-free. The extended payment plan shall be negotiated between AHS and the patient based on the patient's family income and essential living expenses. If AHS and the patient are unable to agree on the terms of the payment plan, AHS shall extend a payment plan option under which the patient may make a monthly payment of not more than 10% of the patient's monthly Family Income after excluding Essential Living Expenses.

2) Declaring a Payment Plan Inoperative

An extended payment plan may be declared no longer operative after the patient fails to make all consecutive payments due during a 90-day period. Before declaring the extended payment plan inoperative, AHS or the contracted collection agency shall make a reasonable attempt to contact the patient by phone and to give notice in writing 60 days after the first missed bill under the extended payment plan that the extended payment plan may become inoperative and that the patient has the opportunity to renegotiate the extended the payment plan. After the notice, AHS will provide the patient with 30 days to make a payment, after which the extended payment plan may be declared inoperative. If an extended payment plan is declared inoperative and it has been at least 180 days since the initial billing statement was provided to the patient, AHS or a Collection Agency may commence collection activities for the remaining amount due under the extended payment plan.

C. COLLECTION PRACTICES

In compliance with applicable laws and regulations, and in accordance with the provisions outlined in this Debt Collection Practices Policy, AHS and its contracted collection agencies, or other assignees not a subsidiary or affiliate of AHS ("Collection Agencies") may engage in collection activities including Extraordinary Collection Actions ("ECAs") to collect outstanding patient balances.

AHS and its Collection Agencies shall not engage in ECAs with a patient who is attempting to qualify for Financial Assistance under AHS's Financial Assistance program and is attempting in good faith to settle an outstanding bill.

1) **Initiating Collection Actions**:
   a) AHS will attempt to collect payment using reasonable billing and collection efforts, such as statements or telephone calls. AHS will attempt to mail four (4) patient statements after the date of discharge from outpatient or inpatient care. After at least 150 days have passed since AHS sent the initial bill to the patient, AHS will send a final 30-day notice included with the fourth patient statement,

indicating the account may be placed with a Collection Agency. All billing statements include a notice about the AHS Financial Assistance program.

b) AHS may place the patient's bill with a Collection Agency to pursue ECAs to collect outstanding balances at the discretion of the Chief Financial Officer or his/her designee.

c) All overdue patient account balances that meet any of the following criteria are eligible for placement with a Collection Agency after at least 180 days have passed since AHS sent the initial bill to the patient:
   i. The patient has applied and been found ineligible for Financial Assistance.
   ii. The patient has not responded to any attempt to bill or offer Financial Assistance.
   iii. Accounts with a "Returned Mail" status are eligible for collections assignment after all good faith efforts have been documented and exhausted.

d) Patient balances referred to a Collection Agency will be recorded as bad debt in the financial and reporting system consistent with the AHS Bad Debt Policy.

e) For patients found eligible for AHS's Financial Assistance, the Collection Agency may not use wage garnishments or file a lien against a patient's primary residence as a means of collecting unpaid hospital bills. However, AHS and Collection Agencies may still pursue reimbursement from third-party settlements, tortfeasors, or other responsible parties.

f) If the patient has a pending appeal for coverage of the claim(s) and has made a reasonable effort to communicate with AHS about the progress of the appeal, AHS will wait until a determination of that appeal is made to place the patient's unpaid bill with the Collection Agency.

2) Required Notices: Before initiating ECAs to obtain payment, AHS shall send the patient notice with the following information:

a) The date(s) 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 AHS;

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 AHS's Financial Assistance;

f) The date(s) the patient was originally sent a notice about applying for Financial Assistance, the date(s) the patient was sent a Financial Assistance application, and, if applicable, the date a decision on the application was made.

D. COLLECTION AGENCY RULES

AHS will conduct ECAs, as required, through an external collection agency. A Collection Agency's performance and its functions must be consistent with AHS mission, core values and policies, including but not limited to the AHS Financial Assistance Policy, Self-Pay and Prompt Pay Discount

Policy, and this Debt Collection Practices Policy.

AHS shall obtain written statements from the Collection Agencies not less than annually attesting that they are following AHS policies and complying with all state and federal laws and regulations.

AHS will evaluate Collection Agency Performance, as follows:

a) AHS will evaluate the performance of each Collection Agency at least on an annual basis. Items to consider in this evaluation are the collection experience compared to other years and other agencies, and comparison to established goals. We will also consider patient comments and complaints in our evaluation.
b) Not less than annually, AHS will evaluate the Collection Agencies business ethics and methods of operations and their compliance with AHS policies.
c) AHS will investigate and analyze patient complaints about the activities of Collection Agency and promptly and thoroughly make and document all necessary corrections.
d) AHS will review Collection Agencies form letters and scripts to ensure they are compatible with AHS mission statement and core values and this policy.

E. DEFINITIONS

For the purpose of this policy, the terms below are defined as follows:

1) **Collection Agency**: a collection agency contracted by AHS, or other assignees not a subsidiary or affiliate of AHS that is attempting to collect, including through Extraordinary Collection Actions, unpaid bills for provided services.

2) **Essential Living Expenses**: means expenses for any of the following: rent, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments laundry and cleaning, and other extraordinary expenses.

3) **Extraordinary Collection Action (ECA):** An Extraordinary Collection Action is any of the following:
   a) involve selling an individual's debt to another party;
   b) involve reporting adverse information about an individual to consumer credit reporting agencies or credit bureaus;
   c) involve deferring or denying, or requiring 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 the hospital facility's Financial Assistance Policy; or
   d) require a legal or judicial process, including but not limited to placing a lien of a patient's primary residence, seizing a bank account, causing an individuals arrest, or garnishing an individual's wages

Extraordinary Collection Action does not include referral to a debt collection agency. Effective January 1, 2025, this Policy will no longer authorize reporting adverse information about an individual to consumer credit reporting agencies or credit bureaus.

4) **Financial Assistance:** Financial Assistance is available to eligible patients for whom it

would be a financial hardship to fully pay the expected out of pocket expense for medically necessary services provided by AHS. Under this Policy, Financial Assistance is defined as Charity Care (free care) or Discounted Care. The AHS Financial Assistance Policy, the Self-Pay and Prompt Pay Discount Policy, and the Financial Assistance Application can be obtained by contacting Patient Access or Patient Financial Services Departments, and by various means including the AHS website.

5) **Guarantor:** For the purposes of this policy, the individual who is the financially responsible party for payment of an account balance, and who may or may not be the patient.

6) **Uninsured Patient:** A patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medi-Cal and whose injury is not a compensable injury for Worker's Compensation.

7) **Self-Pay Discount:** Once it has been determined that the patient does not qualify for Financial Assistance the patient is eligible for a self- pay discount from total charges pursuant to the Self-Pay and Prompt Pay Discount Policy.

APPROVALS

	System	Alameda	AHS/Highland/John George/San Leandro
Department	10/2024	N/A	N/A
Pharmacy and Therapeutics (P&T)	N/A	N/A	N/A
Clinical Practice Council (CPC)	N/A	N/A	N/A
Medical Executive Committee	N/A	02/2021	02/2021
Board of Trustees	10/2024	N/A	N/A