Mad River Community Hospital

Policy	Bad Debt Collections	Department	Credit and Collections
Effective Date	12/28/2006	Revision Date(s)	12/2006, 8/2010, 7/2014, 3/2019, 3/2022, 8/2025, 8/2026
Review Date(s)	8/2025, 8/2026		

I. Purpose

The purpose of this Bad Debt Collections Policy is to explain MRCH billing and collection practices, identify when patient debt may be assigned for collection, and describe patient protections and Financial Assistance requirements under California and federal law.

II. Policy

MRCH will use fair, consistent, and legally compliant billing and collection practices. MRCH will make reasonable efforts to inform patients about Financial Assistance and determine eligibility before assigning an account to collections. MRCH and any collection agency acting on its behalf must follow this Policy and applicable law.

III. Definitions

A. Financial Assistance: Charity Care or Discount Payment available to eligible Self-Pay Patients and Patients with High Medical Costs under MRCH policy.

B. Guarantor: The person financially responsible for payment of a patient account. The Guarantor may or may not be the patient.

C. Collection Agency: A third party authorized by MRCH to collect an unpaid patient balance.

D. Reasonable Payment Plan: An interest-free payment plan negotiated with the patient consistent with MRCH policy and California law.

IV. Procedure

A. MRCH may pursue payment for patient balances and may assign eligible unpaid balances to a collection agency only after following this Policy and all applicable state and federal requirements. The Revenue Enhancement Manager has authority to approve assignment of accounts to a third-party collection vendor.

B. Before an account is assigned to collections, MRCH will:
1. Make reasonable efforts to inform the patient of financial responsibility and available Charity Care and Discount Payment options.
2. Make reasonable efforts to determine whether the patient is eligible for Financial Assistance.
3. Send all notices required by law, including the dates of service, the name of the collection entity, information about obtaining an itemized bill, health coverage information on file, a Financial Assistance application, and relevant Financial Assistance notice/application dates.
4. Not assign an account while a patient is attempting in good faith to qualify for Financial Assistance or negotiate a Reasonable Payment Plan, except to an entity that has agreed to comply with applicable law.
5. Not report adverse information about patient debt to a consumer credit reporting agency.
6. Not commence a civil action for nonpayment before 180 days after initial billing.

7. Not use liens on or conduct a sale of real property as prohibited by law.
8. Require any collection agency to agree in writing to comply with MRCH standards, this Policy, applicable law, and MRCH Reasonable Payment Plan requirements.

C. Before collection activity begins, the patient will receive a clear and conspicuous plain-language notice of debt collection rights and a statement that nonprofit credit counseling services may be available. The notice will include the patient protections required by California Health and Safety Code Section 127430 and applicable federal law.

D. An open account will not be sent to collections earlier solely because the patient has another unresolved account. Each account must satisfy the applicable notice, Financial Assistance screening, and collection requirements before assignment.

E. MRCH will suspend collection activity when a patient submits a Financial Assistance application or is otherwise attempting in good faith to qualify for Charity Care or Discount Payment while the eligibility determination is pending, as required by law.

F. Patient balances may be placed on interest-free extended payment plans. For patients eligible under MRCH Financial Assistance policies, monthly payments will be negotiated consistent with the patient's Family Income and Essential Living Expenses and applicable law. Before declaring a plan inoperative after missed payments during a 90-day period, MRCH or its collection agency will make a reasonable attempt to contact the patient by telephone and in writing and offer an opportunity to renegotiate.

G. A patient or Guarantor who disputes a balance or requests Financial Assistance may ask Credit and Collections to review the balance and/or Financial Assistance eligibility before or after collection referral. Collection activity will be handled in accordance with applicable law while the matter is under review.

H. MRCH may recall an account from a collection agency when required by law or when MRCH determines the account should be returned for review or resolution. Any subsequent placement must comply with this Policy and applicable law.

I. Income information obtained during the Financial Assistance eligibility process will not be used for collection activities. Monetary assets will not be considered in determining eligibility for Charity Care or Discount Payment.

J. MRCH may assign accounts to a third-party collection vendor only through the process approved by the Revenue Enhancement Manager. The vendor must agree in writing to follow MRCH collection standards, Financial Assistance protections, Reasonable Payment Plan requirements, and applicable state and federal law.

References: California Health and Safety Code §§ 127400-127462, as applicable; California Code of Regulations, Title 22; Internal Revenue Code § 501(r), as applicable.