



Title: Debt Collection	Policy Number: LD 29
Function: Procedure for collection of debt.	Date Developed/Effective: 3/25 Date Revised:
Manual: Leadership	Page(s):
Developed By: Finance	Attachment(s): None

PURPOSE:

Heritage Oaks Hospital is committed to providing excellent care to our patient population regardless of the patient's financial situation. The facility depends on revenue from services provided and will work with patients to honor their financial commitments. The facility's finance team will actively coordinate with individuals considered to be self-pay or face high medical costs as defined in the facility policy *LD28 Charity and Discount Care* and will make every effort to be flexible and responsive to the individual circumstances of our patients. The facility will ensure that collection processes are not initiated before eligibility for assistance programs are exhausted. Patients will be treated with respect and dignity throughout the collection process and decisions made relative to collection activities may deviate from policy as the individual situation merits.

The facility will communicate to both the patient and/or their support system in a manner appropriate to their age, cognitive ability, and language. Communication will be easily understandable and free of complex technical jargon. This policy is applicable to all patients, despite insurance status and the facility will not discriminate based on race, color, religion, sex, age, national origin or marital status in the implementation of this policy.

SCOPE:

This policy serves to establish a consistent and fair method for collection of patient account balances as related to self-pay balance for the insured and uninsured. The policy covers Heritage Oaks Hospital staff and third-party collection agencies.

POLICY:

The facility will make every effort to work with patients defined as needing financial assistance or support as outlined in the facility policy *Charity and Discount Care (LD28)*. This includes efforts to negotiate an extended, interest free payment plan. If efforts for collection remain

unsuccessful the facility will refer the patient to a third-party collection agency. The process is as follows:

Pre-Collection Process

1. Patients will receive an Account Statement showing the Estimated Cost Share based on the benefits provided by the patient's medical/mental health insurance. The estimate provided is subject to change due to pending claims not yet processed.
2. After billing, patients will receive a personal account statement, showing a summary of the hospital services provided, insurance collection and payment transactions and the amounts owed by the patient.
3. Patients will then receive monthly statements for the balances that have been identified as the patient's liability. All statements will contain information to assist patients with payment arrangements and will provide contact information to the Hospital's Business Office.
4. Heritage Oaks Hospital pre-collection process will include attempts to contact the patient for accounts with patient payment liabilities. The contact attempts will include at least three attempts by letter and at least two attempts by phone. The pre-collection process will be conducted over a period of at least 120 days.
5. During the pre-collection process, the account remains in the possession of Heritage Oaks Hospital which does not constitute an extraordinary collection action.
6. Subsequent to the pre-collection process, the management of accounts for which satisfactory payment arrangements have not been made, or accounts that have not been paid in full, will be referred to an outside collection agency.
7. For all patient accounts, collection activity will cease when a patient has submitted a Financial Disclosure Form with back up documentation and subsequently account is approved. Good judgment and reason will be utilized in classifying an account eligible for collection agency referral as the situation may require alterations from the stated policy based on unique circumstances.

Referral to Third-Party Collection Agencies:

1. Heritage Oaks Hospital will not assign accounts for external collection nor engage in extraordinary collection actions before making reasonable efforts to determine whether the patient is eligible for payment arrangements or charity consideration as outlined in facility's policy on charity/discount care.
2. Heritage Oaks Hospital maintains a contract with an external agency that allows them to perform collection actions on behalf of the hospital. The contract requires that the external agency agrees to abide by Heritage Oaks Hospital policies, and any state/federal requirements.

Other Collection Actions / Extraordinary Actions:

1. Heritage Oaks Hospital, its collection agency or attorney, may report adverse information to a consumer credit reporting agency as a result of patient non-payment. However, no patient will be referred to a consumer credit reporting agency by the hospital or its collection agency for non-payment prior to 180 days after initial billing.
2. The Chief Financial Officer of Heritage Oaks Hospital must approve the initiation of all legal actions.
3. Extended Payment Plans:
 - a. During the pre-collection process, patients are eligible for extended, interest free payment plans. Process for developing an extended payment plan is outlined in facility policy *LD28 Charity and Discount Care*.
 - b. Extended payment plans are considered to be no longer operative if pre-collection processes are unsuccessful after 120 days from agreed upon or creation date.
 - c. Extended payment plans are subject to the same pre-collection and third-party collection referral processes outlined in this policy.
4. When determining the amount of debt, the facility may seek to recover from patients who are eligible under charity or discount care policy, only income and monetary assets may be considered.
5. Information obtained from income tax returns, paystubs, or the monetary asset documentation previously collected for the purpose of determining eligibility for discount or charity care cannot be utilized for collection activities.
6. Heritage Oaks Hospital and/or its contracted agents will not use extraordinary collection actions (ECAs) such as wage garnishments or liens on primary residents to collect debts from any patient.

Authority

The Heritage Oaks Hospital Chief Financial Officer and the Director of Business Office are responsible for implementation and oversight of this policy. The Heritage Oaks Hospital CFO and Director of Business office have the authority to advance patient debt for third-party collection.