



DATE: December 12, 2024

TO: County of Santa Clara Health System
Executive Leadership Group

FROM: Paul E. Lorenz, Santa Clara Valley Healthcare Chief Financial Officer
and County of Santa Clara Health System Administrator

SUBJECT: **Patient Debt Collection Policy**

REFERENCES: Cal. Health & Safety Code, §§ 127400–127462
Cal. Civ. Code, §§ 1788–1788.33
15 U.S.C. §§ 1692–1692p
CSCHS Policy #715.0 (Healthcare Access Program)

DEFINITIONS:

1. **Patient:** For purposes of this policy, Patient includes any individual who received health care items and/or services from CSCHS and, if not the same person, their Guarantor.
2. **Guarantor:** The individual with legal financial responsibility for payment of a Patient Debt.
3. **Patient Debt:** The amount that a Patient owes CSCHS for health care items and/or services.
4. **DTAC:** The County of Santa Clara's Department of Tax and Collections, which collects Patient Debt on behalf of CSCHS.
5. **Financial Assistance:** Free care or a discount payment on a Patient Debt authorized by CSCHS under the terms of the CSCHS Financial Assistance Policy.
6. **CSCHS Policy #715.0 or CSCHS Financial Assistance Policy:** A separate policy describing CSCHS's Financial Assistance program, also known as the Healthcare Access Program (HAP), which offers free and discounted health care items from CSCHS to certain eligible Patients with low or moderate incomes. The CSCHS Financial Assistance Policy is available online at <https://scvh.org/bill-help>. Individuals may also obtain a copy of the CSCHS Financial Assistance Policy by calling Patient Financial Services at (866) 967-4677 (TTY: 711) (8am to 5pm, Monday to Friday).

BACKGROUND:

The purpose of this policy is to define standards and practices for the collection of Patient Debt owed to the County of Santa Clara Health System (CSCHS).

POLICY:

It is the policy of CSCHS to bill Patients in a manner that is accurate, timely, and consistent with applicable laws and regulations, including, but not limited to, applicable provisions of the California Health and Safety Code, the California Civil Code, and the United States Code.

PROCEDURE:**Responsible Party****CSCHS Patient Business Services:****Action**

1. Under the authority of the CSCHS Chief Financial Officer and Revenue Cycle Director, CSCHS will pursue payment for Patient Debts owed for health care items and/or services provided by CSCHS, including by designating unpaid amounts as bad debt and referring such amounts to DTAC for collection. Collection actions will be undertaken at CSCHS's and DTAC's discretion and will comply with all applicable state and federal laws and regulations, including the California Hospital Fair Pricing Policies law (California Health and Safety Code, sections 127400 *et seq.*), the Emergency Physician Fair Pricing Policies law (California Health and Safety Code, sections 127450 *et seq.*), the Rosenthal Fair Debt Collection Practices Act (California Civil Code, sections 1788 *et seq.*), and the federal Fair Debt Collection Practices Act (United States Code, Title 15, sections 1692 *et seq.*).
2. CSCHS will obtain a written agreement from DTAC that DTAC will adhere to this Policy in its entirety. The written agreement will not be construed to create a joint venture between CSCHS and DTAC, or otherwise to allow CSCHS governance of DTAC.
3. Before referring a Patient Debt to DTAC, CSCHS will do all of the following:
 - a. Make all reasonable efforts to obtain information from Patients about whether private or public health insurance or sponsorship may fully or partially cover the charges for care rendered by CSCHS.
 - b. Provide Patients who do not indicate health care coverage by a third-party payer, or who request a discounted price or charity care, with an application for the Medi-Cal program or other state- or county-funded health coverage programs.
 - c. Inform Patients of their financial responsibilities by sending Patients at least four (4) account statements for the services rendered by CSCHS, either by mail or, if the Patient has chosen to receive paperless statements electronically.

- d. Inform Patients of available financial assistance options by providing notice of the CSCHS Financial Assistance Policy and application on or soon after the date(s) of service, at the time of billing, and at least 30 days before referring a Patient Debt to DTAC.
 - e. Take steps, when Patients contact the Patient Financial Services Department about available financial assistance options, to help those Patients complete applications for Medi-Cal, other government-funded healthcare coverage, and the Healthcare Access Program, as applicable.
 - f. Send Patients a notice—otherwise known as the “Goodbye Letter”—at least 60 days before referring a Patient Debt to DTAC. This notice will include:
 - i. The date(s) of service of the bill that is being referred to DTAC;
 - ii. DTAC’s full name and address;
 - iii. A statement informing the Patient how to obtain an itemized bill from CSCHS;
 - iv. The name and type of health coverage for the Patient on record with CSCHS at the time of service, or a statement that CSCHS does not have that information;
 - v. A copy of the CSCHS Financial Assistance application; and
 - vi. The date(s) the Patient was originally sent a notice about applying for Financial Assistance, the date(s) the Patient was originally sent an application for Financial Assistance, and, if applicable, the date that CSCHS made a decision on the Patient’s application for Financial Assistance.
 - g. Wait at least 180 days after initial billing before referring a Patient Debt to DTAC.
4. Once the steps listed in paragraph (3) above are complete, CSCHS may refer the Patient Debt to DTAC to pursue one or more of the following collection actions:
- a. Engage in standard collection efforts, including, but not limited to, the use of billing statements, written correspondence, and phone calls;
 - b. Commence civil action against the Patient in a manner that complies with all applicable laws. By way of a written interagency agreement, CSCHS will ensure that DTAC does not commence a civil action against a Patient if that Patient has a pending appeal for coverage of the items or services for which they received a bill

from CSCHS (as defined in California Health and Safety Code, section 127426, subdivision (b)), until a final determination of that appeal is made, if the Patient makes a reasonable effort to communicate with CSCHS and DTAC about the progress of any pending appeals. A pending appeal includes health plan grievances, independent medical reviews conducted by the Department of Managed Health Care or Department of Insurance, Medi-Cal fair hearings, and Medicare appeals, which are described in California Health and Safety Code, section 127426, subdivision (b).

5. By way of a written interagency agreement, CSCHS will ensure that with any document indicating that the commencement of collection activities may occur, DTAC will send the Patient a notice containing a plain language summary of the Patient's rights pursuant to the Hospital Fair Pricing Policies law, the Rosenthal Fair Debt Collection Practices Act, and the federal Fair Debt Collection Practices Act, which will include a statement that nonprofit credit counseling services may be available in the Patient's area, consistent with Health and Safety Code section 127430; and that in the first written communication to the Patient, DTAC will provide a copy of the Goodbye Letter and a statement that more than 180 days have passed from the date the Patient was initially billed for the medical services that are the basis of the debt, that DTAC may file a lawsuit against the Patient to collect the debt, and that DTAC will not report adverse information to a credit reporting agency.
6. CSCHS will not engage in any of the following collection actions:
 - a. Report adverse information about a Patient Debt to a consumer credit reporting agency or credit bureau;
 - b. Sell a Patient debt to a debt buyer;
 - c. Defer or deny, or require a payment before providing, medically necessary care because of a Patient's nonpayment of one or more bills for previously provided care;
 - d. Foreclose on a Patient's real property;
 - e. Attach or seize a Patient's bank account or other personal property; or
 - f. Use wage garnishments or a lien on any real property as a means of collecting unpaid hospital bills from a Patient found eligible for Financial Assistance.
7. Any Patient may ask to set up an interest-free payment plan for payment of a Patient Debt.
 - a. In negotiating the terms of a payment plan with the Patient, CSCHS will take into consideration the Patient's family income and living expenses. CSCHS may also consider the availability of any health savings account held by the Patient or the Patient's family.

- b. If CSCHS and a Patient who has qualified for Financial Assistance cannot agree on the payment plan, CSCHS will use the formula and definitions described in subdivision (i) of California Health and Safety Code section 127400 to create a reasonable payment plan consisting of monthly payments that are not more than 10 percent of a Patient's family income for a month, excluding deductions for essential living expenses.
 - c. A payment plan may be declared inoperative after the Patient's failure to make all consecutive payments due during a 90-day period.
 - d. Before declaring a payment plan inoperative, CSCHS will:
 - i. Make reasonable attempts to contact the Patient by telephone, give notice in writing that the payment plan may become inoperative, and inform the Patient of the opportunity to try to renegotiate the terms of the defaulted payment plan.
 - i. At the Patient's request, attempt to renegotiate the terms of the defaulted payment plan.
 - h. CSCHS will not commence a civil action against a Patient for nonpayment before the payment plan is declared inoperative.
8. CSCHS will not use pay stubs, income tax returns, or documentation of assets obtained from Patients during the Financial Assistance application process for collection activities.
9. If a patient applies for Financial Assistance after CSCHS has referred the Patient's account(s) to DTAC, the Patient Business Services Director or their designee will request that DTAC pause collection activities, including staying civil actions, until CSCHS has rendered a decision on the application. In the event that a Patient is found eligible for Financial Assistance after civil action has commenced, CSCHS will work with DTAC to dismiss the lawsuit with prejudice.
10. CSCHS may require a Patient or Guarantor to pay CSCHS the entire amount of any reimbursement sent directly to the Patient or Guarantor by a third-party payer for CSCHS's services.
11. If the Patient receives a legal settlement, judgment, or award under a liable third-party action that includes payment for health care services or medical care related to the injury, CSCHS may require the Patient or Guarantor to reimburse CSCHS for the related health care services rendered up to the amount reasonably awarded for that purpose.
12. Nothing in this Policy precludes CSCHS or DTAC from pursuing third party liability in a manner consistent with applicable laws.

Patients:

1. Patients should direct questions about this policy to CSCHS Patient Business Services. Patients may reach CSCHS. Patient Business Services by phone at (408) 885-7470 (8:30am to 4:30pm, Monday to Friday) or in person at 770 S. Bascom Ave, San Jose, CA 95128 (8am to 4:30pm, Monday to Friday).
2. Patients should make all reasonable efforts to promptly respond to billing statements and related communications from CSCHS and DTAC.
3. Patients should make all reasonable efforts to inform CSCHS if they have health insurance coverage, Medicare, Medi-Cal, or other third-party coverage that might pay for all or some of the health care items and/or services received at CSCHS.
4. Patients are encouraged to review the CSCHS Financial Assistance Policy, and to complete and submit a Financial Assistance application as soon as possible. Patients may review the full CSCHS Financial Assistance Policy and download a copy of the CSCHS Financial Assistance application at: <https://scvh.org/bill-help>. Patients may also contact the Patient Financial Services Department at (866) 967-4677 (TTY: 711) (8am to 5pm, Monday to Friday) with any questions about the Financial Assistance policy

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