

DEPARTMENT: Business Office	POLICY TITLE: DEBT COLLECTION
<input checked="" type="checkbox"/> Rosemead Campus <input checked="" type="checkbox"/> Downtown Campus <input checked="" type="checkbox"/> West Covina Campus	
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APPROVED BY: Governing Board	APPROVAL/EFFECTIVE DATE: 03/18/2019
EFFECTIVE DATE/REVISED DATE (S): 03/18/2019, 03/18/2022, 01/23/2025	
NEXT REVIEW DATE: : 01/2027	<input type="checkbox"/> RETIRED DATE:
ATTACHMENTS:	

PURPOSE

To standardize policies concerning the use of collection agencies. To insure the proper handling of accounts submitted to collection agencies.

POLICIES

1. The Business Office must approve selection of collection agencies.
2. Accounts deemed uncollectible shall be placed with agencies in a timely manner.
3. Authority to Advance Debt for Collection: Patient accounts may be referred to a collection agency only with written approval from the Business Office Manager or Administrator after confirming all billing and financial-assistance reviews are complete.
4. Standards and Practices for Debt Collection
The hospital and its contracted collection agencies shall conduct all collection activities in a professional, lawful, and respectful manner.
5. Use of Financial-Assistance Information
The hospital and its collection agencies shall not use or disclose any information obtained from income tax returns, paystubs, or other financial documents submitted for Charity Care or Discount Payment eligibility determinations for any debt-collection purpose.
6. Such information shall be used solely to evaluate financial-assistance eligibility and maintained confidentially in compliance with state and federal privacy laws.
7. Collection agencies may not:
 - Threaten, harass, or use abusive language toward patients or guarantors.
 - Report accounts to credit bureaus or pursue legal action sooner than 180 days from the first post-discharge billing.
 - Continue collection efforts while a Charity Care, Discount Payment, or Medi-Cal application is under review.
 - Use financial-assistance documents or information for collection purposes. All collection activities shall comply with the Fair Debt Collection Practices Act (FDCPA) and applicable state and federal laws governing patient billing and debt recovery.

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8. Collection agencies shall reconcile monthly all payments received with all payments reported by the facility and either invoice for commissions earned or remit check to facility for amounts due.
9. Collection agencies shall report their entire inventory, including the current status of each account, on a monthly basis.
10. Collection agencies shall never remove original patient financial folders from the facility for any reason.

PROCEDURES

1. Monthly reporting formats shall include the entire inventory of accounts placed with the collection agency. Additionally, the following reports shall be provided:
 - a. A master list including the following items:
 1. Patient name
 2. Hospital account number
 3. Date of service
 4. Date of placement
 5. Amount assigned
 6. Current client balance
 7. Current month's payment
 8. Payment date
 9. Total paid since assignment

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b. An inventory performance analysis report shall include a minimum of specified items:

1. Financial status, categorized by patient type, reflecting the number and dollar amount of accounts:

- a. Paid in full
- b. Currently paying
- c. Legal Accounts
- d. Legal inactive accounts
- e. Cancel>Returns by facility
- f. Cancel>Returns by agency

c. A cancellation analysis report shall contain a minimum of specified items:

1. Financial status, categorized by patient type, reflecting the number and dollar amount of accounts:

- a. Cancelled by facility
- b. Bankrupt
- c. Deceased
- d. Medicaid
- e. Uncollectible

d. A monthly analysis of year to date activity with specified items

1. Categorized by month reflecting the number and dollar amount of accounts:

- a. Accounts assigned
- b. Accounts canceled/returned
- c. Collections
- d. Active accounts
- e. Recovery percentage

e. Monthly payment analysis report containing a minimum of specified items:

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1. Categorized by patient type with the number and dollar amounts of accounts:
 - a. Paid in full
 - b. Current payments
 - c. Remaining balance

3. Collection commissions will be paid through the accounts payable system monthly net of cash collected directly by the agency.
 - a. The agency must bill for commissions under a separate invoice on a monthly basis:
 1. The Business Office Manager shall review and approve the commission invoice and present to Chief Financial Officer with a completed check request form for approval.

4. Reporting of payments received at the facility for accounts placed with agencies:
 - a. Payments may be accepted at the facility for accounts placed with collection agencies. Payments by check that indicate "Payment in full" on the check shall not be accepted unless the amount due has been verified with the agency and documented.
 1. A copy of each payment received shall be sent to the collection agency in a timely manner for updating and reconciling account balances.
 2. The payment shall be posted into the hospital's system using the date of actual deposit. To return the account balance to zero, a second transaction shall be made to reverse the amount of the payment from the initial "collection agency adjustment" applied.

5. Upon assignment the Business Office shall provide agency with billing copy, face sheet, insurance information, payment history, correspondences, signed assignment of benefits, conditions of admission statement, and A/R notations reflecting collection activities.