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Name of Policy: Debt Collection Policy				

I. POLICY STATEMENT

The purpose of the Policy is to comply and provide information with respect to the billing and collection of patient debt, pursuant to the California Health and Safety Code and the Federal Patient Protection and Affordable Care Act. In the interest of promoting financial stability and conserving resources for indigent care, Lucile Salter Packard Children's Hospital at Stanford (LPCH) will ensure that debts owed by Guarantors for medical services provided by LPCH are collected in a timely manner and in compliance with the law.

II. DEFINITIONS

- A. Extraordinary Collection Action (ECA): Each of the followed are ECAs:
 - 1. Placing a lien on an individual's property
 - 2. Foreclosing on real property
 - 3. Attaching or seizing an individual's bank account or other personal property
 - 4. Commencing a civil action against an individual or obtaining a writ of attachment
 - 5. Causing an individual's arrest
 - 6. Garnishing wages
 - 7. Reporting adverse information to a consumer credit reporting agency or credit bureau
 - 8. Deferring or denying Medically Necessary care because of nonpayment of a bill for previously provided care under LPCH's Financial Assistance and Charity Care Policy
 - 9. Requiring payment before providing Medically Necessary care because of outstanding bills for previous care
 - 10. Selling debt to a third party

- B. Financial Assistance

- 1. Financial Assistance means assistance provided to financially qualified (i) Uninsured Patients and (ii) Patients with High Medical Costs.

- C. Guarantor

- 1. A person who has legal financial responsibility for a patient's health care services.

III. PROCESS

- A. LPCH will pursue payment for debts owed for health care services provided by LPCH according to LPCH policy and procedures as summarized in this policy. The procedure for assignment to collections/bad debt will be applicable to all LPCH

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Guarantors.

- B. LPCH will comply with relevant federal and state laws and regulations in the assignment of bad debt.
- C. All patient account balances that meet the following criteria are eligible for placement with a collection agency (provided that in no event will LPCH “sell” patient debt to a collection agency):
 - 1. LPCH has made attempts to collect payment using reasonable collection efforts. LPCH will attempt to mail four (4) Guarantor statements after the date of discharge from outpatient or inpatient care, with a final 10-day notice appearing on the fourth Guarantor statement, indicating the account may be placed with a collection agency. All billing statements include a notice about the LPCH Financial Assistance Policy.
 - 2. Accounts with a “Returned Mail” status are eligible for collections assignment after all good faith efforts have been documented and exhausted.
 - 3. If a patient currently has other accounts that are open or unresolved bad debt balances, LPCH reserves the right to send accounts to collections earlier. If LPCH determines the individual is eligible for Financial Assistance, it will promptly refund any overpaid amounts.
 - 4. LPCH will suspend any and all collection actions if a completed Financial Assistance Application, including all requisite supporting documentation, is received.
- D. LPCH shall forward accounts to a third-party debt recovery service vendor using the process approved by the Vice President of Revenue Operations.
- E. Prior to commencing collection activities against a patient, LPCH or any collection agency shall provide the patient or Guarantor with the following written notices:
 - 1. State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov. Nonprofit credit counseling services may be available in your area.
 - 2. A holder of this medical debt contract is prohibited by Section 1785.27 of the Civil Code from furnishing any information related to this debt to a consumer credit reporting agency. In addition to any other penalties allowed by law, if a

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person knowingly violates this section by furnishing information regarding this debt to a consumer credit reporting agency, the debt shall be void and unenforceable.

- F. Term of Payment Plans. Patients shall have the opportunity to negotiate an interest-free payment plan that would allow the Patient to pay their balance over time. If LPCH and the Patient are not able to agree on the terms of a payment plan, the default payment plan shall be monthly payments that are not more than 10 percent of a Patient's family income for a month, excluding deductions for essential living expenses. "Essential living expenses" means, for purposes of this subdivision, expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, 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. The extended payment plan may be declared no longer operative after the Patient's or Guarantor's failure to make all consecutive payments due during a 90-day period starting with the first day that the Patient misses a payment. Before declaring the hospital extended payment plan no longer operative, LPCH shall make a reasonable attempt to contact the Patient or Guarantor by telephone and to give notice in writing at least sixty (60) calendar days after the first missed payment that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan. Prior to the hospital extended payment plan being declared inoperative, LPCH shall attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the Patient or Guarantor. The Patient shall be given at least thirty (30) calendar days, starting from the date the written notice of the missed payment was sent, to make a payment before the extended payment plan is declared inoperative. For purposes of this, the notice and telephone call to the Patient or Guarantor may be made to their last known telephone number and address. If a payment plan is declared inoperative, and the Patient has qualified for Financial Assistance, Hospital or collection agency shall limit the amount it seeks from the Patient to the amount the Patient was responsible to pay after any discounts.
- G. If a Guarantor disagrees with the account balance, the Guarantor may request the account balance be researched and verified prior to account assignment to a collection agency.
- H. Accounts at a collection agency may be recalled and returned to LPCH at the discretion of LPCH and/or according to state or federal laws and regulations. LPCH may choose to work the accounts to resolution with the Guarantor or a third party as needed or place the accounts with another collection agency.
- I. **LPCH does not engage in any extraordinary actions (ECAs) as defined above.**
- J. Documentation of income obtained from a patient or Guarantor during the process of determining their eligibility for Financial Assistance shall not be used for collections activities; provided, however, that this does not prohibit the use of information

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obtained by LPCH or any of its agents or collection agencies independently of the eligibility process for Financial Assistance.

K. Compliance

1. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at LPCH are responsible for ensuring that individuals comply with this Policy.
2. Violations of this Policy will be reported to the Department Manager and any other appropriate Department as determined by the Department Manager or in accordance with hospital policy. Violations will be investigated to determine the nature, extent, and potential risk to the hospital. Workforce members who violate this Policy will be subject to the appropriate disciplinary action up to and including termination.

IV. **RETENTION OF COLLECTION RECORDS:** LPCH will maintain all records relating to money owed to LPCH by a Patient or the Patient's guarantor for five (5) years, including, but not limited to, all of the following

- A. Documents related to litigation filed by LPCH
- B. Contracts and significant records by which LPCH assigns or sells medical debt to a third party
- C. A list, updated at least annually, of every person, including the person's name and contact information, that meets at least one of the following criteria:
 1. The person is a debt collector to whom the Hospital sold or assigned a debt that Patient owed to the LPCH; and
 2. The person is retained by LPCH to pursue litigation for debts owed by Patients.

V. **DOCUMENT INFORMATION**

- A. References
- B. Author/Original Date

January 2007, S. DiBoise, Chief Hospital Counsel and E. Leigh, Office of General Counsel

- C. Distribution and Training Requirements

This policy resides in the Patient Care Manual of Lucile Packard Children's Hospital Stanford.

- D. Review and Renewal Requirements

This policy will be reviewed and/or revised every three years or as required by change

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of law or practice.

E. Review and Revision History

February 2011, S. Shah, Clinical Accreditation Mgr

April 2014 M. Montes, Patient Advocacy Mgr

December 2014, Andrea M. Fish, Office of General Counsel

March 2015, Andrea M. Fish, Office of General Counsel

October 2019, Andrea M. Fish, Office of General Counsel

December 2024, John Barnes, Office of General Counsel

F. Approvals

LPCH VP Ops, 4/07, 2/11

PFS Rev Cycle Dir/PFS VP Ops, 4/14

LPCH Finance Committee, 4/15, 11/19 LPCH

Board of Directors, 9/21

Board of Directors, 12/2024

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