| Title: | **Private Pay Billing** | Policy Number: 6.80 | Original Date: 01/02 |
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| Scope: | Business Office | Review Date: 04/25 | Revision Date: 06/25, 3/26, 10/26 |
| Manual: | Patient Financial Services | Approval Date: | **Page** 1 of 2 |

# Private Pay Billing

## PURPOSE:

To define the minimum standards and required procedures for:

- Communicating patient financial responsibilities
- Screening for financial assistance
- Offering reasonable payment options
- Preventing unlawful or aggressive collection practices

## POLICY:

Alhambra Hospital Medical Center is committed to fair, legal, and compassionate collection of healthcare debt. This policy ensures compliance with applicable California and federal regulations, including but not limited to:

- California Health and Safety Code §127400 et seq. (Hospital Fair Pricing Act, AB 1020)
- California Civil Code §1788 et seq. (Rosenthal Fair Debt Collection Practices Act)
- 45 C.F.R. §501(r) (for tax-exempt hospitals)
- Fair Debt Collection Practices Act (FDCPA)
- EMTALA (Emergency Medical Treatment and Labor Act)

## DEFINITION:

The patient financial services (PFS) department at Alhambra Hospital Medical Center has the responsibility for billing private pay accounts. Private pay accounts are for patients with no insurance coverage, no insurance information at the time of admission, or patient balance due after the insurance makes payment. If the patient has insurance coverage but does not bring proof of eligibility, the patient is billed as a private pay account. If the patient/guarantor provides insurance information later, the patient accounting department adds a claim in patient accounting system with accurate and verified information and the claim is submitted to the insurance company.

## PROCEDURE:

1. Private pay accounts automatically interface with the patient accounting system to generate a letter series for patient pay accounts.
2. The collector is responsible for making sure all private pay accounts are generating a letter series from the patient accounting system.
3. Patients will receive 5 statements from Alhambra Hospital, including the AB1020 letter (Goodbye Letter), for the duration of 6 months.
4. Private pay accounts that have aged at least 180 days from discharge and sent the AB1020 letter shall be eligible for collection agency assignment. Similarly, a private pay after insurance paid account that has aged 180 days from the date of the insurance payment and sent the AB1020 letter shall also be eligible for collection agency assignment.
5. The department Supervisor shall create a report containing all private pay accounts that have met the agency assignment eligibility criteria, review the data and present the data to the PFS Director for approval.
6. The PFS Director shall conduct a final review and approve the eligible accounts for collection agency assignment.
7. Once the private pay accounts are approved for collection agency assignment, the department Supervisor shall re-class the accounts from Accounts Receivable (AR) status to Bad Debt (BD) status.
8. The department Supervisor shall then forward the BD report to the Information Technology (IT) department for assignment to the collection agency using a Secure File Transfer Protocol (SFTP).
9. At no time shall information obtained from income tax returns or paystubs, collected for the discount payment or charity care eligibility determinations be used for collection activities.