

Billing and Collection Policy

Approved Date:	Pending	Published Date:	April 17, 2026
Review Date:	April 17, 2029	Effective Date:	April 17, 2026
Approved by:	Ted Sirotta, SR. VP, Chief Financial Officer		

PURPOSE

This policy establishes Henry Mayo Newhall Hospital's (HMNH's) principles and guidelines for patient billing and collection practices.

This Patient Billing and Collection Policy is consistent with HMNH's mission and in compliance with the federal, state, and local regulations. All patients who have received emergency or medically necessary care may apply for free or reduced care in conformance with HMNH's Financial Assistance Policy. HMNH provides care without discrimination based on race, color, national origin, citizenship, alienage, religion, creed, gender, sexual preference, age, or disability.

This policy, along with the related Financial Assistance Policy, establishes HMNH's procedures for collection of patient accounts. This policy seeks to balance financial stewardship of collecting from patients unwilling to pay their accounts with compassion for patients who are unable to pay.

For HMNH to responsibly manage its resources and provide the appropriate level of assistance to the greatest number of people in need, patients are expected to contribute to the cost of their care based on the requirements of their insurance, or in the case of those uninsured/underinsured, based on their ability to pay.

DEFINITIONS

Follow-up and Collection for purposes of this policy, is defined as patient account processing after billing has occurred.

Billing Cycle: The steps and process for accumulating information to generate a claim and to follow up on the claim to resolution.

Collection Agency: An entity that contracts with HMNH to pursue collections on HMNH's behalf. HMNH does not sell consumer debt for collection purposes.

Collections: Status of an account that shows the account is assigned to an external Collection Agency.

Extraordinary Collection Actions: Actions taken by HMNH against an individual related to obtaining payment of a bill for care that fall within the scope of 26 C.F.R. section 1.501(r)-6(b), including actions that require a legal or judicial process. However, nothing in this policy will authorize HMNH or its subcontractors or agents to furnish any information related to a patient's debt to a consumer credit reporting agency.

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Financial Assistance Policy: Refers to the policy governing the administration and award of charity care and other discounts based on a determination of financial need.

Pre-Collection: Status of an account when HMNH is working to bring a patient account to resolution prior to any Extraordinary Collection Actions.

GENERAL PRINCIPLES

1. All patients will be treated fairly, with dignity, compassion, and respect.
2. HMNH has a Financial Assistance Policy (FAP) that is consistent with its purpose statement, vision, values and government regulations. The policy is broadly communicated to reflect a commitment to provide financial assistance to patients who cannot pay for any portion of the care they receive.
3. HMNH's FAP balances a patient's need for financial assistance with HMNH's broader financial responsibilities.
4. Debt collection practices, both for HMNH and its external collection agencies, reflect HMNH's purpose statement, vision, and values.
5. Financial assistance provided by HMNH is not a substitute for personal responsibility. All patients are expected to contribute to the cost of their care, based upon their individual ability to pay, and applicable laws and regulations.
6. Financial assistance will be available for both uninsured and underinsured patients, including patients that do not have the financial ability to pay for their co-payment, coinsurance and deductible amounts.
7. HMNH provides patients with user friendly billing statements and uses best practices in patient financial communications.

BILLING PROCEDURE

1. **Billing Third-Party Payers:** For all patients with health insurance, HMNH will bill the third-party payer information as provided or verified by the patient on a timely basis.
2. **Billing Insured Patients for Patient Responsibility or Billing Uninsured Patients:** For emergency services, as required by the federal E.M.T.A.L.A. (Emergency Medical Treatment & Labor Act) law, HMNH will provide a medical screening examination and care to stabilize patients. When a patient is determined to be medically stable by an Emergency

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Department medical provider, Patient Access Services (PAS) staff will perform a complete registration, and attempt collection of any amounts determined or estimated to be the patient's financial responsibility. Time-of-service collection may be waived and billed to patients if they are not able to pay at time of service.

For elective and non-emergent services, payment of patient's financial responsibility is due in advance or at the time of service, particularly for non-covered services (as defined by the patient's health care insurance plan) or selected services which the hospital has negotiated for a specific service described in a single case Letter of Agreement. HMNH may waive an advance payment requirement for patients if the patient is eligible for Presumptive Financial Assistance or submits a Financial Assistance application and demonstrates financial hardship.

3. **Third-Party Reimbursement:** Under California law, the patient is required to pay HMNH the entire amount of any reimbursement sent directly to the patient or guarantor by a third-party payer for the hospital services received. 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, the patient or guarantor must reimburse HMNH for the related health care services rendered up to the amount reasonably awarded for that purpose.
4. **Requesting Itemized Statement:** All patients may request an itemized statement for their account at any time.

PROCEDURE

BILLING CYCLE

Generally, the billing cycle is:

Insured Accounts

Pre-registration
Registration
Discharge
Bill issued to primary payer
Payment received
Self-Pay statement 1 if patient balance due
Self-Pay statement 2 (30 days after statement 1) if patient balance due

Uninsured Accounts

Pre-registration
Registration
Discharge
Self-Pay statement 1 if patient balance due
Self-Pay statement 2 (30 days after statement 1) if patient balance due
Self-Pay statement 3 (30 days after statement 2) if patient balance due

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Self-Pay statement 3 (30 days after statement 2) if patient balance due
 Self-Pay Final Notice (30 days after statement 3) if patient balance due
 No payment by day 180 (from date of initial billing), transfer to Collections

Self-Pay Final Notice (30 days after statement 3) if patient balance due
 No payment by day 180 (from date of initial billing), transfer to Collections

PATIENT BILL DISPUTES

HMNH has processes patients may follow to question or dispute bills. The name of the office, its address, and a phone number to which disputes should be directed are listed on all patient bills and collection notices sent by HMNH. HMNH will respond in writing or by phone to inquiries made by patients within fifteen (15) business days of receiving notice of the dispute. Should the dispute require further investigation, all collection actions will cease until a final determination of the issue.

ACCOUNTS FOR DECEASED PATIENTS

HMNH bills for all accounts regardless of the status of the patient. In the event a patient is deceased, the following steps will occur in addition to the process described in this policy.

- Accounts with aggregate charges greater than or equal to One Thousand dollars (\$1,000.00) will have a lien filed against the patient's estate. The purpose of a lien is to secure payment against the estate, or if probate is opened.
- In the event there is an estate for the deceased patient, and upon receipt of court issued documentation, the Estate Executor or Administrator will become the legal representative acting on behalf of the deceased patient.
- The Executor or Administrator may apply for Financial Assistance consideration per HMNH policy.

FOLLOW-UP AND COLLECTION ON SELF-PAY BALANCES BY HMNH

For any patient that has not provided proof of coverage by a third-party health insurance plan at the time care is provided or upon discharge, as part of the billing, the patient shall be provided with clear and conspicuous notice with Self-Pay statement 1 that complies with Health and Safety Code section 127430.

Patients who do not qualify for HMNH's FAP have the following options to resolve all outstanding balances at any time prior to the assignment of an account to a collection agency: (1) Payment in full or (2) Establish an interest free Payment Plan up to 60 months.

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Patient statements will be sent out every thirty days for four months (120 days). Statements will include all accounts and service dates having a self-pay balance for each account. Each statement will include a notification that indicates HMNH offers financial assistance to its patients that meet established criteria, a Financial Assistance Program application, and certain additional information regarding the Financial Assistance Program as required by law and regulations.

The fourth statement is the final notice to the patient which shall include the information required by Health and Safety Code section 127425(e).

Patient contact may be by telephone, text message, email or by any other notification method that constitutes a genuine and reasonable effort to contact the party responsible for financial obligation.

HMNH will utilize alternative methods to locate the party responsible for the obligation or to determine the correct address on patient billings returned by the postal office service as “incorrect address” or “undeliverable.” If there is no means to contact a patient or a patient’s family, i.e., phone number is disconnected, return mail, Hospital staff or Hospital’s early out contracted billing services may utilize skip tracing, access to databases, or other reasonable and lawful means to locate and communicate with the patient or their legal representative to attempt collection. As soon as it is determined that the patient or their legal representative cannot be located or contacted, but not prior to 180 days after initial billing to patient, the balance will be referred to a Collection Agency if the account does not qualify for Financial Assistance per HMNH’s FAP.

COLLECTION PRACTICES BY HMNH COLLECTION AGENCIES

All accounts unresolved that are at least 180 days old (measured from the date the first bill was sent to the patient) will be moved from “Pre-collections” to “Collections”, MH under the authority of the of the Chief Financial Officer (“CFO”) or his/her designee. Exceptions are made for accounts where the patient has an application pending for either government sponsored coverage (e.g., Medicaid) or for HMNH’s FAP, and/or they are reasonably cooperating with HMNH in the effort to settle an outstanding bill. Under these exceptions, HMNH will not send their bill to a collection agency.

In a Collection Agency’s first attempt to collect a debt, the Collection Agency shall, among other regulatory requirements, include in the first written communication to the patient a copy of the final notice provided by HMNH prior to referring the account to a Collection Agency, along with information about HMNH’s FAP and a Financial Assistance Application.

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HMNH, or its assignee, including a Collection Agency, shall not report adverse information to a consumer credit reporting agency. Additionally, neither HMNH nor its assignee shall commence civil action against the patient for 240 days after initial billing.

If a patient submits a Financial Assistance Application at any time during the Collection Process, all collection activities will stop until the application is reviewed and either approved or denied. Information provided for any Financial Assistance Application, including income tax returns or paystubs, will not be used for collection activities. If denied, the patient will have the right to follow the appeal the determination. The exception to this process is when legal action has been initiated with and court ordered actions have been issued. In this situation, the Financial Assistance Application will be evaluated in parallel with the court issued action. If the Application is approved, proper process will be followed to dismiss the legal action.

All HMNH Collection Agencies shall abide by HMNH Policies, as well as all applicable federal, state, and local laws and regulations, when representing or working on behalf of HMNH. All Collection Agencies will receive a copy of the approved HMNH Patient Billing and Collection Policy to ensure compliance with the policy.

EXTENDED PAYMENT PLANS

HMNH and its Collection Agencies shall offer patients who qualify for Discount Payments the option to enter into an agreement to pay their patient responsibility portion and any other amounts due over time ("Extended Payment Plan").

HMNH will also offer Extended Payment Plans for those patients who indicate an inability to pay a patient responsibility amount in a single installment. The Extended Payment Plan shall be negotiated between HMNH Patient Financial Services and the patient and may take into consideration the patient's Household Income, Essential Living Expenses, and the availability of a health savings account help by the patient or patient's Family Members. All Extended Payment Plans shall be interest-free. If HMNH and the patient cannot agree on the Extended Payment Plan, the hospital shall create a "Reasonable Payment Plan", which is defined as a monthly payment that does not exceed 10% of the patient's Family Income, as defined in HMNH's FAP, for a month, excluding deductions for Essential Living Expenses, as defined in HMNH's FAP.

HMNH may declare an Extended Payment Plan no longer operative after the patient fails to make all consecutive payments during a 90-day period. Before declaring the Extended Payment Plan inoperative, HMNH or its Collection Agencies will make a reasonable attempt to contact the patient by the last known telephone number and provide notice in writing with the last known address to notify the patient that the

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Extended Payment Plan may become inoperative and provide an opportunity to renegotiate. HMNH or the Collection Agency acting on HMNH's behalf will attempt to renegotiate the Extended Payment Plan if requested by the patient. After an Extended Payment Plan is declared inoperative and over 240 days have passed since the initial billing of the patient, HMNH or its Collection Agencies may commence Extraordinary Collection Actions (as defined below).

EXTRAORDINARY COLLECTION ACTIONS

HMNH shall not undertake an Extraordinary Collection Action at any time prior to 240 days after HMNH provides the first post discharge billing statement.

Any Extraordinary Collection Actions in progress at the time an incomplete application is received must be suspended. Such collections may be initiated or resumed if a completed application is not received or after a request for additional information is not received after 30 days of notification. HMNH may resume Extraordinary Collection Actions against an individual who has submitted an incomplete Financial Assistance Application and who has not provided the missing information necessary to complete the application 30 days after HMNH provides written notice that the additional information is required.

Only the CFO may approve any legal actions to be initiated against the patient for outstanding amounts owed to HMNH (unless noted below), including such actions that may be taken by HMNH's Collection Agencies, and are subject to the following guidelines:

- Liens on assets greater than \$5,000 other than real property. Liens on real property are not permitted.
- Liens may be placed on a patient's third-party claims, i.e., automobile accidents, except verified workers' compensation claims; no CFO approval is required.
- Wage garnishments are not permitted.
- Liens against judgments.

HMNH EVALUATION OF COLLECTION AGENCIES

HMNH will evaluate the performance of each Collection Agency at least on an annual basis, including patient reactions and complaints regarding Collection Agencies. HMNH

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will investigate and analyze complaints about the activities of Collection Agencies and promptly make and document any necessary corrections.

Additionally, HMNH should obtain written statements from the Collection Agency not less than annually attesting that they are following HMNH's policies and complying with all state and federal laws.

HMNH shall maintain records relating to money owed to HMNH by a patient for five years, including the following:

- i. Documents related to litigation filed by HMNH;
- ii. A contract and significantly related records by which HMNH assigns or sells debt that the patient owes; and
- iii. An annually updated list of (i) debt collectors to whom HMNH assigned or sold patient debt and (ii) persons retained by HMNH to pursue litigation for debts owed by patients on behalf of the hospital.

Additionally, any contract entered into by a hospital related to the assignment or sale of medical debt shall require the assignee or buyer and any subsequent assignee or buyer to maintain records related to litigation for five years.

REFERENCES

Patient Protection and Affordable Care Act

IRS Notice 2014-2 issued on December 30, 2013

Healthcare Financial Management Association Patient Financial Communications Best Practices (2014)

Healthcare Financial Management Association Patient Friendly Billing Guidelines

California Health & Safety Code §§ 127400 *et seq.*

California Code of Regulations, Title 22, Division 7, Chapter 9.2

California AB 102

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California HB 2297

California SB 1061