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Purpose

This Collection Policy (“Policy”) outlines El Centro Regional Medical Center’s (“ECRMC”) operational guidelines defining standards and practices for the collection of debt from all patients, including those who qualify for financial assistance under the Financial Assistance Policy. Specifically, this Policy shall outline when and under whose authority patient debt is advanced for collection, whether the collection activity is conducted by ECRMC, an affiliate or subsidiary of ECRMC, or by an external collection agency.

Policy Statement

In its billing and collection activity, ECRMC shall treat patients and patient families or representatives with fairness, dignity, and respect.

ECRMC or its external collection agency shall not sell patient debt to any entities.

DEFINITIONS

Charity Care means that qualifying patients shall be relieved of their entire financial obligation with the exception of a specified co-payment. Charity Care does not reduce the amount, if any, that a third party may be required to pay for services provided to the patient.

Discounted Payment means that qualifying patients shall be relieved of a portion of their financial obligation to pay. Discounted Payment does not reduce the amount, if any, that a third party may be required to pay for services provided to the patient.

Financial Assistance is the collective term used for Charity Care or Discounted Payment.

35 **I. COLLECTION PROCEDURE**

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37 **A. Authority to Advance Patient Account to Collections and Conduct Collection**
38 **Activities**
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40 The Patient Financial Services Director shall be authorized to review and approve any accounts
41 to be advanced to collection and shall establish procedures to refer accounts to a designated
42 external collection agency.

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44 An external collection agency shall conduct the collection activity. An external collection agency
45 shall not assign the responsibility to collect patient debt to any other entities except to:

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 - ECRMC;
 - A tax-exempt organization that abolishes the patient debt by cancellation of
 - 48 the indebtedness; or
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 - Another entity if the external collection agency is sold to or merged with that
 - 50 entity.
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53 **B. Notice Prior to Assignment to Collections (“Assignment Notice”)**
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55 Before assigning a bill to collections, ECRMC shall send a patient a notice with all of the
56 following information:

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58 (1) The date or dates of service of the bill that is being assigned to collections.
59 (2) The name of the entity the bill is being assigned.
60 (3) A statement informing the patient how to obtain an itemized hospital bill from ECRMC.
61 (4) The name and plan type of the health coverage for the patient on record with ECRMC at
62 the time of services or a statement that the ECRMC does not have that information.
63 (5) An application for ECRMC’s Financial Assistance.
64 (6) The date or dates the patient was originally sent a notice about applying for Financial
65 Assistance, the date or dates the patient was sent a Financial Assistance application, and,
66 if applicable, the date a decision on the application was made.
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68 **C. Assignment to Collections**
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70 ECRMC shall not send a patient account(s) to an external collection agency for the purposes of
71 commencing a civil action for nonpayment or take any action, including reporting adverse
72 information to a consumer credit reporting agency, that would result in an adverse consumer
73 credit report prior to 180 days after initial billing.

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75 That time may be extended if any of the following occurs:

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 - The patient is appealing a coverage decision¹ until a final determination of that appeal is

¹ The patient must be appealing any of the following:

- (1) A grievance against a contracting health care service plan, as described in Chapter 2.2 (commencing with Section 1340) of Division 2, or against an insurer, as described in Chapter 1 (commencing with Section

made, and the patient makes a reasonable effort to communicate with ECRMC Patient Financial Services regarding the progress of the appeal;

- The patient has a pending application² for the ECRMC Financial Assistance Program or a government program;
- The patient is attempting in good faith to qualify for eligibility for Financial Assistance;
- The patient is attempting in good faith to settle an outstanding bill by negotiating a reasonable payment plan;
- The patient is making regular partial payments of a reasonable amount; or
- The patient has an operative extended payment plan.

D. Notice Prior to Commencing Collection Activities (“Collection Notice”)

Prior to commencing collection activities against a patient, ECRMC shall require its external collection agency to provide the patient with a clear and conspicuous written notice containing both of the following:

- (1) A plain language summary appearing substantially in the following form: “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.”
- (2) A statement that nonprofit credit counseling services may be available in the area.

The Collection Notice shall also accompany any document indicating that the commencement of collection activities may occur.

E. Determining Amount That Can Be Recovered from Patients Eligible for Financial Assistance

The amount ECRMC shall seek to recover from patients eligible for Financial Assistance shall be adjusted based on the Financial Assistance granted pursuant to the Financial Assistance Policy.

Information obtained for the purposes of determining eligibility for Financial Assistance shall

10110) of Part 2 of Division 2 of the Insurance Code.

(2) An independent medical review, as described in Section 10145.3 or 10169 of the Insurance Code.

(3) A fair hearing for a review of a Medi-Cal claim pursuant to Section 10950 of the Welfare and Institutions Code.

(4) An appeal regarding Medicare coverage consistent with federal law and regulations.

² A “pending application” is defined as an application that has been fully completed, includes copies of the required documentation by the patient, and is submitted to the relevant public agency in the case of government programs or to ECRMC in the case of the ECRMC Financial Assistance Program.

not be used for collections activities.

ECRMC shall not use wage garnishments, body attachments, or liens on primary residences of patients as a means of collecting unpaid patient bills. However, as described below, external collection agencies may do so for certain patients as permitted under state law.

F. External Collection Agencies' Compliance with ECRMC Collection Policies

ECRMC shall utilize only external collection agencies that agree to comply, in a written agreement, with applicable state and federal laws, ECRMC policies, and ECRMC debt collection standards and practices, including ECRMC's definition and application of a reasonable payment plan, as defined in this Policy.

For patients eligible for Financial Assistance, ECRMC shall also require external collection agencies to agree in writing to the following:

- The collection agency may only attempt to collect the amount outstanding after application of the Financial Assistance Policy and any discounts.
- The collection agency will comply with applicable state and federal debt collection practices law, including but not limited to hospital collection practices set forth in California Health and Safety Code Section 127425(a)-(j);
- The collection agency will not use a wage garnishment, except by court order, following the procedure set out under state law, including California Health and Safety Code Section 127425(h)(2)(A);
- The collection agency will not establish a lien on the patient's primary residence except as permitted under state law, including California Health and Safety Code Section 127425(h)(2)(B).

Agreement to the above requirements does not preclude ECRMC or the external collection agency from pursuing reimbursement and any enforcement remedy or remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.

G. Return of Patient Accounts Back to ECRMC

The external collection agency must have processes in place to identify patients who may qualify for Financial Assistance, to communicate the availability and details of the Financial Assistance program to these patients, and to refer patients who qualify and are seeking Financial Assistance back to ECRMC.

The external collection agency shall have a monitoring process in place to catch any occurrences where a patient account was referred to collections without the applicable Financial Assistance applied to the patient balance and will notify ECRMC if that occurs. To that end, all external collection agencies contracted with ECRMC to perform account follow-up and/or bad-debt collection will utilize at least the following criteria to identify patients eligible for Financial Assistance:

- Patient accounts must have no applicable insurance (including governmental coverage programs or other third-party payers);
- The patient or patient's representative must have a credit score rating within the lowest 25th percentile of credit scores for any credit evaluation method used;
- The patient or patient's representative has not made a payment within 150 days of assignment to the collection agency;
- The collection agency has determined that the patient/family representative is unable to pay; and/or
- The patient or family representative does not have a valid Social Security Number and/or an accurately stated residence address in order to determine a credit score.

All accounts returned from an external collection agency will be evaluated by ECRMC prior to any re-classification within the hospital accounting system and records.

II. EXTENDED PAYMENT PLANS FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE

A. Eligibility of Extended Payment Plan

When a patient is approved for a Discounted Payment, the patient may pay any or all outstanding amounts due in one lump sum payment, or ECRMC shall offer an extended payment plan to allow payment of the discounted price over time. Such extended payment plans shall be interest free.

B. Terms of Extended Payment Plan

If the patient opts for an extended payment plan, ECRMC and the patient or patient's representative will negotiate the terms of such a payment plan that takes into consideration relevant factors such as the patient's family income, size of payment obligation, patient resources and essential living expenses, and any other relevant factors brought to ECRMC's attention. Individual payment plans will be arranged based on the patient's ability to effectively meet the payment terms. As a general guideline, payment plans will be structured to last no longer than 12 months. ECRMC shall negotiate in good faith with the patient; however, there is no obligation to accept the payment terms offered by the patient.

If ECRMC and the patient or patient's representative cannot agree on the payment plan, ECRMC shall determine the following to create a "reasonable payment plan":

- Monthly payments are not more than 10 percent of a patient's family income for a month, excluding deductions for essential living expenses.
- For the purposes of this Policy, "essential living expenses" means 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.

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211 **C. Declaring Extended Payment Plan Inoperative**
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213 An extended payment plan may be declared no longer operative after the patient's failure to
214 make all consecutive payments due during a 90-day period. Before declaring the extended
215 payment plan no longer operative, ECRMC or its external collection agency shall make a
216 reasonable attempt to contact the patient by phone and give notice in writing that the extended
217 payment plan may become inoperative and that the patient has the opportunity to renegotiate the
218 extended payment plan. The notice and telephone call to the patient may be made to the last
219 known telephone number and address of the patient.

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221 If requested by the patient, ECRMC or its external collection agency shall attempt to renegotiate
222 the terms of the defaulted extended payment plan prior to the extended payment plan being
223 declared inoperative.

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225 ECRMC or its external collection agency shall not report adverse information to a consumer
226 credit reporting agency or commence a civil action against the patient or responsible party for
227 nonpayment prior to the time the extended payment plan is declared to be no longer operative.
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229 After a payment plan is declared inoperative, the external collection agency may commence
230 collection activities, provided that 180 days have passed since initial billing.
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232 **III. OVERPAYMENTS FOR PATIENTS RECEIVING FINANCIAL ASSISTANCE**
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234 ECRMC shall reimburse the patient any amount actually paid in excess of the amount due,
235 including interest, after the application of Financial Assistance. Interest owed by ECRMC to the
236 patient shall accrue at the rate of 10 percent per annum on the principal amount, beginning on the
237 date payment by the patient is received by the hospital. However, except as otherwise required
238 by law, ECRMC is not required to reimburse the patient or pay interest if the amount due is less
239 than five dollars (\$5.00) as a result of the application for Financial Assistance. ECRMC shall
240 refund the patient any amounts required by this provision within 30 days.
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242 **IV. TRANSLATION OF NOTICES**
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244 Written correspondence to the patient required in this Policy shall be in the language spoken by
245 the patient, consistent with Section 12693.30 of the Insurance Code, applicable state and federal
246 law, and this Policy.
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248 All notices shall be translated into any non-English language spoken by a substantial number of
249 the public served by ECRMC. However, verbatim translations of any materials provided in
250 English is not required. Translated copies of the notices shall be printed and made available at
251 ECRMC.
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253 At a minimum, ECRMC shall provide notices in English and Spanish and translate such notices
254 for patients or patient's representatives who speak other languages.

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256 For the purpose of this Policy, a “substantial number of non-English-speaking people,” as
257 defined under state law, are members of a group who either do not speak English, or who are
258 unable to effectively communicate in English because it is not their native language, and who
259 comprise 5 percent or more of the people served by ECRMC.