Status **Pending** PolicyStat ID **21283429**

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|---|---|
| Origination | 12/8/2015 |
| Last Approved | N/A |
| Effective | Upon Approval |
| Last Revised | 8/18/2026 |
| Next Review | 3 years after approval |
| Owner | Sanjeev Kumar: CFO |
| Area | Finance |

# Collection of Past Due Accounts



**Collection of Past Due Accounts**

Dameron Hospital Association | Owner: Chief Financial Officer | Area: Finance

I. **Policy**
Consistent with the mission of Dameron Hospital Association (the "Hospital") to operate and furnish care, treatment, hospitalization and other services, with or without compensation, it is the Hospital's policy to require all patients to contribute to the cost of their care, based upon their ability to pay, and to conduct all collection activity in compliance with the Hospital Fair Pricing Act, California Health and Safety Code sections 127400 et seq., and Title 22, California Code of Regulations, sections 96051 et seq.

II. **Purpose**
To establish guidelines for collection of past due patient accounts.

III. **Responsible Departments**
Under the supervision of the Director of Patient Accounting, the Patient Accounting and Credit and Collections Departments have the authority to advance a patient debt for collection. Collection activity will be conducted by the Hospital's Credit and Collections Department or a designated collection agency that has agreed to comply with this Policy and the collections policies set forth in the Hospital's Charity Care and Discounted Payment Policy (No. 20-01-0034).

IV. **Procedure**
In accordance with the Hospital's Charity Care and Discounted Payment Policy, patients will be made aware of the availability of Charity Care and Discounted Payment options on the Hospital's website, at all points of registration in the Hospital, and in connection with billing statements issued by the Hospital.

A. **Self-Pay Patients**

The Patient Accounting Department sends the responsible party a final bill no earlier than 180 days from the date of initial billing. The final bill informs the responsible party of the Hospital's Charity Care and Discounted Payment Policy and includes an application, a plain language summary of that policy and of the patient's rights as required under California Health and Safety Code section 127430(a), the phone number the responsible party can call for more information or for assistance with applying, the collection actions the Hospital may pursue in the event of nonpayment, and the date after which those actions may be commenced, which shall be no earlier than 30 days from the date the final bill is sent. The Patient Accounting Department will also attempt to call or otherwise orally inform the responsible party of the Hospital's Charity Care and Discounted Payment Policy and how the responsible party may obtain assistance with the application process.

The responsible party is requested to forward any insurance information, make payment, or submit an application under the Charity Care and Discounted Payment Policy. If the responsible party does not respond, the account may be referred to collections no earlier than the date stated in the final bill and no earlier than 180 days after initial billing. Referral of an account to collections does not terminate or limit the patient's right to apply for, or be determined eligible for, Charity Care or Discounted Payment at any time.

Collection actions the Hospital or its designee may take, subject to the prohibitions and restrictions in Section IV.C of this Policy, include engaging a collection agency to assist with obtaining payment; deferring, denying, or requiring a payment before providing elective services that are not Medically Necessary Services because of the patient's nonpayment of one or more bills for previously provided care; and, no earlier than 180 days after initial billing, commencing a civil action against the patient for nonpayment.

B. **Insured Patients**

After insurance either pays its portion and the appropriate contractual adjustment is taken, or the claim is denied, the insurance biller sends the responsible party a final bill no earlier than 180 days from the date of initial billing, containing the same information described in Section IV.A, including notice of the Charity Care and Discounted Payment Policy, an application, the plain language summary of the patient's rights under California Health and Safety Code section 127430(a), the contact telephone number, the collection actions that may be pursued, and the date after which those actions may be commenced, which shall be no earlier than 30 days from the date the final bill is sent. The Patient Accounting Department will also attempt to call or otherwise orally inform the responsible party of the Policy and how to obtain assistance with the application process. The account may be referred to collections and pursued in the same manner, and subject to the same prohibitions and restrictions, described in Sections IV.A and IV.C of this Policy.

C. **Prohibited and Restricted Collection Practices**

The following prohibitions and restrictions apply to the Hospital, any assignee of the Hospital, any other owner of the patient debt, and any collection agency, with respect to all patients:

1. No adverse credit reporting. The Hospital, any assignee of the Hospital, any other owner of the patient debt, and any collection agency shall not report adverse information about a patient to a consumer credit reporting agency at any time.

2. No early civil action. A civil action against a patient for nonpayment shall not be commenced at any time prior to 180 days after initial billing. This period shall be extended if the patient has a pending appeal for coverage of the services, until a final determination of the appeal is made.
3. No wage garnishment or liens on real property by the Hospital or its affiliates. The Hospital, or an assignee that is an affiliate or subsidiary of the Hospital, shall not use wage garnishments or liens on any real property as a means of collecting unpaid Hospital bills from patients eligible under any portion of the Charity Care and Discounted Payment Policy.
4. Restrictions on outside collection agencies. A collection agency or other assignee that is not a subsidiary or affiliate of the Hospital shall not use a wage garnishment against a patient eligible under any portion of the Charity Care and Discounted Payment Policy, except by order of the court upon noticed motion, and shall not place a lien on, or notice or conduct a sale of, any real property of the patient as a means of collecting unpaid Hospital bills.
5. No use of eligibility documentation for collections. No information obtained from the patient's income tax returns, pay stubs, or other documentation collected by the Hospital for the purpose of determining eligibility for Charity Care or Discounted Payment shall be used for collection activities. The Hospital, a collection agency, or an assignee may use information obtained independently of the eligibility process.
6. No time limit on applications. The Hospital shall accept and process an application for Charity Care or Discounted Payment, and eligibility may be determined, at any time the Hospital is in receipt of the patient's recent pay stubs or recent income tax returns, including after the account has been referred to a collection agency and after entry of judgment. No deadline shall be imposed for applying, and eligibility shall not be denied based on the timing of a patient's application.
7. Good-faith applicants. If a patient is attempting to qualify for Charity Care or Discounted Payment and is attempting in good faith to settle an outstanding bill by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, the Hospital shall not send the unpaid bill to any collection agency, debt buyer, or other assignee unless that entity has agreed to comply with this Policy, and if the bill has already been sent to a collection agency the Hospital shall suspend such collection activity.
8. Pre-assignment notice. Before assigning a bill to collections, or selling patient debt to a debt buyer, the Hospital shall send the patient a notice containing all of the following: (a) the date or dates of service of the bill that is being assigned or sold; (b) the name of the entity the bill is being assigned or sold to; (c) a statement informing the patient how to obtain an itemized hospital bill from the Hospital; (d) the name and plan type of the health coverage for the patient on record with the Hospital at the time of services, or a statement that the Hospital does not have that information; (e) an application for the Hospital's charity care and financial assistance; and (f) the date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.
9. Conditions on debt sales. The Hospital shall not sell patient debt to a debt buyer unless all of the following apply: (a) the Hospital has found the patient ineligible for financial assistance or the patient has not responded to any attempts to bill or offer financial assistance for 180 days; (b) the sales agreement requires the debt buyer to return, and the Hospital to accept, any account in which the balance is determined to be incorrect due to the availability of a third-

party payer, including a health plan or government health coverage program, or the patient's eligibility for charity care or financial assistance; (c) the debt buyer agrees not to resell or otherwise transfer the patient debt, except to the originating Hospital or a qualifying tax-exempt organization, or if the debt buyer is sold or merged with another entity; (d) the debt buyer agrees not to charge interest or fees on the patient debt; and (e) the debt buyer is licensed as a debt collector by the Department of Financial Protection and Innovation.

10. Record retention. The Hospital shall maintain all records relating to money owed to the Hospital by a patient or a patient's guarantor for five years, including documents related to litigation filed by the Hospital, contracts and significant related records by which the Hospital assigns or sells medical debt to a third party, and a list, updated at least annually, of the name and contact information of every debt collector to whom the Hospital sold or assigned patient debt and every person retained by the Hospital to pursue litigation for patient debts on the Hospital's behalf. Any contract 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.

**D. Financial Assistance Requests During Collections**

If the responsible party requests financial assistance, the request is forwarded to the Credit and Collections Department and the responsible party is sent an application under the Charity Care and Discounted Payment Policy identifying the process and the documentation needed for processing. The only documentation of income that may be required is recent pay stubs or recent income tax returns, whichever the patient chooses to provide. The responsible party is asked to complete and return the application and supporting documents within 30 days; however, this timeframe is for processing convenience only, and an application received at any time shall be accepted and processed as provided in Section IV.C.6.

If the collections process has already begun, it shall be suspended upon receipt of the request. If an incomplete application is received, the Hospital will provide written notice describing the additional information needed and will provide the contact information, including the telephone number and office location, of a person who can provide information about the Hospital's Charity Care and Discounted Payment Policy and assistance with completing the application. Collections shall remain suspended until a determination of eligibility is made or the Hospital has determined, after a reasonable period of time, that the patient has failed to respond to requests for additional information to complete the application.

If a complete application is received, the Hospital will determine the patient's eligibility and will notify the patient in writing of the determination and the basis for the determination. If the patient is determined to be eligible for assistance under the Charity Care and Discounted Payment Policy: (1) if such assistance is in the form of a discount, the patient will receive a billing statement that indicates the amount owed, how that amount was determined, and states or describes how the patient can obtain information regarding the Amount Generally Billed ("AGB") for the care provided; and (2) the patient will be refunded, within 30 days, any amount actually paid in excess of the amount for which the patient has been determined to be responsible under the Charity Care and Discounted Payment Policy, including interest at the rate set forth in Section 685.010 of the Code of Civil Procedure, accruing from the date payment was received by the Hospital, as required by California Health and Safety Code section 127440. The Hospital is not required to reimburse the patient or pay interest if the amount due is less than five dollars

($5.00). The Hospital may, but is not required to, reimburse the patient if the Hospital or the Department of Health Care Access and Information determines that the patient qualified for financial assistance at the time the patient was first billed and either it has been five years or more since the last payment to the Hospital, Hospital assignee, or debt buyer, or the patient debt was sold to a debt buyer in accordance with state law in effect at the time the debt was sold, if sold before January 1, 2022.

**E. Payment Plans**

Extended payment plans for the amount owed may be arranged for those unable to pay their account in full, pursuant to the Hospital's Charity Care and Discounted Payment Policy. Requests for payment plans exceeding the Hospital's schedule may be referred to the Hospital's designee for handling. If the account is not paid and satisfactory payment arrangements are not made, the account is sent for collection to the Credit and Collections Department or its designee, as described in the Charity Care and Discounted Payment Policy and subject to the prohibitions and restrictions in Section IV.C of this Policy.

All extended payment plans shall be interest free. The Hospital may declare an extended payment plan (including a Reasonable Payment Plan) no longer operative after the patient's failure to make all consecutive payments due during a 90-day period. Before declaring an extended payment plan no longer operative, the Hospital, collection agency, debt buyer, or assignee shall make a reasonable attempt to contact the patient by telephone and give notice in writing that the extended payment plan may become inoperative and of the opportunity to renegotiate the extended payment plan, and shall, if requested by the patient, attempt to renegotiate the terms of the defaulted extended payment plan before declaring it inoperative. The Hospital, collection agency, debt buyer, or assignee shall not commence a civil action against the patient or responsible party for nonpayment before the time the extended payment plan is declared to be no longer operative. The notice and telephone call may be made to the last known telephone number and address of the patient.



# V. References

California Health & Safety Code sections 127400 et seq. (Hospital Fair Pricing Policies), including sections 127425, 127430, and 127440

Title 22, California Code of Regulations, sections 96051 et seq. (Hospital Fair Billing Program)

Code of Civil Procedure section 685.010 (Interest Rate)

Internal Revenue Code section 501(r) and Treasury Regulations thereunder

Civil Code section 1788.50 (Definition: Debt Buyer)

AB 2297 (Chapter 511, Statutes of 2024) and SB 1061 (Chapter 520, Statutes of 2024), effective January 1, 2025

# VI. Cross References

Charity Care/Discounted Payment Policy #20-01-0034

Extended Payment Plan Policy & Procedure #20-01-0035

## Approval Signatures

| Step Description | Approver | Date |
|---|---|---|
| Policy Committee | Policy Policy Committee: Policy Committee | Pending |
| Policy Owner | Sanjeev Kumar: CFO | 8/18/2026 |

## History

**Draft saved by Kumar, Sanjeev: CFO** on 8/18/2026, 7:37PM EDT

**Edited by Kumar, Sanjeev: CFO** on 8/18/2026, 7:38PM EDT

> changes per new legislations

**Last Approved by Kumar, Sanjeev: CFO** on 8/18/2026, 7:38PM EDT