



ARROWHEAD REGIONAL MEDICAL CENTER Patient Accounts Policies and Procedures

Policy No. 701.00 Issue 8
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SECTION: PATIENT ACCOUNTS
SUBSECTION: DEBT COLLECTION
SUBJECT: PATIENT DEBT COLLECTION POLICY AND PROCEDURE
APPROVED BY: Administrative Manager - Patient Accounts

I. POLICY

It is the policy of Arrowhead Regional Medical Center (ARMC) to comply with California Health and Safety Code Section 127425, codified through Assembly Bill 1020 - Health Care Debt and Fair Billing. This policy sets forth when and under whose authority patient debt is advanced for collection. It also provides the standards and practices for the collection of debt for services rendered by ARMC.
This policy effective date is January 1, 2025.

In the event ARMC contracts with an agency that collects debt on behalf of ARMC, ARMC, by and through San Bernardino County (County), shall enter into an agreement with that agency that requires that agency to (1) adhere to ARMC's standards and scope of practices for debt collection under this policy, and (2) comply with ARMC's definition and application of a Reasonable Payment Plan.

II. DEFINITIONS:

Charity Care. Refers to free health care services that are provided without expectation of payment to persons who meet the hospital's criteria for Charity Care under ARMC's Charity Care Policy.

Discount Payment Program: A program offered by ARMC where healthcare services are discounted for individuals who meet ARMC's eligibility for participation in that program under ARMC's Discount Payment 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 childcare, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.

Family: Family includes the following:

- A. For persons 18 years of age and older, spouse, domestic partner, dependent children under 21 years of age, or any age if disabled, whether living at home or not.
- B. For persons under 18 years of age or for a dependent child 18 to 20 years of age, inclusive, parent, caretaker relatives, and parent's or caretaker's relatives' other dependent children under 21 years of age, or any age if disabled.

High Medical Costs: Means any of the following:

- A. Annual Out-Of-Pocket Costs incurred by the patient at ARMC that exceed the lesser of 10% of the patient's current Family income or Family income in the prior 12 months. 10% of the patient's current family income or family income in the prior 12 months, whichever is less.
- B. Annual Out-of-Pocket Costs that exceed 10% of the patient's Family income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's Family in the prior 12 months.

Out-Of-Pocket Costs: Means any expense for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays, co-insurance, deductible, or Medi-Cal Share of Costs.

Reasonable Payment Plan: Means monthly payments that are not more than 10% of a patient's Family income for a month, excluding deductions for Essential Living Expenses.

San Bernardino County Revenue Recovery Division (RRD): Refers to the Revenue Recovery Division of the San Bernardino County Auditor-Controller/Treasurer/Tax Collector, which provides debt collection to County departments, including ARMC. It is located at 68 West Hospitality Lane, Second Floor, San Bernardino, CA 92415. Office hours are Monday - Friday 9:00am to 4:30pm and office phone number is (909) 387-8303.

Share of Cost(s): Refers to the share of medical costs that is the patient's responsibility under the Medi-Cal/Medicaid program.

III. PROCEDURES

- A. Prior to commencing collection activities against a patient, ARMC, the San Bernardino County Revenue Recovery Department (RRD), a collection agency, or other owner of patient debt, as applicable, shall provide the patient with a clear and visible written notice containing both of the following:
 - 1. A plain language summary of the patient's rights pursuant to Health and Safety Code Section 127400 et seq., the Rosenthal Fair Debt Collection Practices Act, and the federal Fair Debt Collection Practices Act. The summary shall include a statement that the Federal Trade Commission enforces the federal act.

The summary shall be sufficient if it appears in substantially 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 statement shall accompany any document indicating that the commencement of collection activities may occur.
- B. ARMC will make all attempts to collect payment from payor sources identified by the patient or hospital as parties responsible for financial adjudication of medical bills.

When all reasonable attempts have been made by the hospital to collect monies from the responsible parties in a timely manner, such accounts will be referred to the RRD for debt collection activities under the direction of a Patient Accounts Manager or his/her assigned designee. Self-Pay patients will be referred to the collection agency in approximately 190+ days from the date of service if the patient has not responded to any attempts to collect or offer financial assistance and the account has not been resolved.

- C. The following process will be followed by the Patient Accounts department:
1. Twenty-eight (28) days (approximately) from the date of service, the patient/guarantor will be sent an initial statement detailing services and charges reflecting patient responsibility.
 2. Twenty-eight (28) days after the initial statement, the patient/guarantor will be sent a second statement showing current balance and any financial activity.
 3. Twenty-eight (28) days after the second statement, the patient/guarantor will be sent a third statement showing current balance and any financial activity.
 4. Twenty-eight (28) days after the third statement, if the account has not been resolved, the patient/guarantor will be sent a fourth statement showing current balance and any financial activity and the account will be considered seriously past due.
 5. Seventy-nine (79) days after the fourth statements is sent a “Goodbye Letter” is sent to the patient letting them know their account(s) will be assigned to RRD for collections.

6. As required by Health and Safety Code Section 127425(e), the "Goodbye Letter" shall include the following information:
 - (1) The date or dates of service of the bill that is being assigned to collections or sold.
 - (2) The name of the entity the bill is being assigned or sold to.
 - (3) A statement informing the patient how to obtain an itemized hospital bill from the hospital.
 - (4) 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.
 - (5) An Application for Financial Assistance for ARMC's Charity Care and Discount Payment programs.
 - (6) 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.
- D. If a patient is attempting to qualify for eligibility under the hospital's Charity Care or Discount Payment Program and is attempting in good faith to settle an outstanding bill with the hospital by making a payment plan, the hospital shall not send the unpaid bill to collections.
- E. As a condition of RRD providing debt collection services to ARMC, RRD must comply with all applicable federal and state laws and this policy, including the following requirements:
 - a. RRD will contact the patient or any party financially responsible for the patient debts.
 - b. RRD will not report adverse information about a patient's hospital debt to a consumer credit reporting agency.
 - c. RRD will not commence civil action against a patient for nonpayment before 180 days after initial billing.
 - d. RRD shall not, in dealing with any patient under the ARMC's Charity Care or Discount Payment program, use wage garnishment or liens on any real property owned by the patient as a means of collecting unpaid hospital bills.
 - e. Information obtained from income tax returns or paystubs documentation collected for determination of the patient's eligibility for Charity Care or

participation in the Discount Payment program may not be used for collection activities.

- f. Any extended payment plans offered by ARMC to assist patients eligible under the hospital's Discount Payment Policy or any other policy adopted by the hospital for assisting low-income patients with no insurance or high medical costs in settling outstanding past due hospital bills, shall be interest-free. The extended payment plan may be declared no longer operative after the patient fails to make all consecutive payments during a 90-days period. However, prior to that declaration, a reasonable attempt must be made to contact the patient by phone and a written notice must be given to the patient that the extended payment plan may become inoperative and of the opportunity to renegotiate the extended payment plan. The notice and telephone number may be made to the last known telephone number and address on the patient. Additionally, before the extended payment plan is declared inoperative, RRD must attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient. RRD may not commence civil action against the patient or responsible party for nonpayment before the time the extended payment plan is declared to be no longer operative.
- g. RRD shall adhere to ARMC's standards and scope of practices, comply with ARMC's definition and application of a Reasonable Payment Plan as expressed in this policy.

REFERENCES: California Health and Safety Code Section 127425
Cal. Code Regs., tit. 22, § 96051.7

ATTACHMENTS: N/A

APPROVAL DATE: 12/13/2024 Kim Hirotsu, Revenue Cycle Manager

Applicable Administrator, Hospital or Medical Committee

12/13/2024 Patient Safety and Quality Committee

Applicable Administrator, Hospital or Medical Committee

Board of Supervisors

Approved by the Governing Body

REPLACES: Policy No. 701.00 Issue 7

EFFECTIVE: 8/1/2013

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