SUBJECT: Sonoma Valley Hospital Bad Debt & Debt Collection Policy	POLICY # PAGE 1 OF 3
DEPARTMENT: Organizational	EFFECTIVE: 1/1/2025
REVIEW/REVISED: 5/26	

PURPOSE:

The purpose of this policy is to classify bad debt patients, ensure consistent and appropriate referral of unpaid accounts to outside agencies, and comply with HCAI Hospital Fair Pricing Program requirements, including the protection of income documentation collected for Charity Care or Discount Payment eligibility determinations.

POLICY:

- Accounts with unpaid self-pay balances may be referred to an outside collection agency only after all reasonable collection efforts have been made.
- Income documentation provided for financial assistance (e.g., tax returns, paystubs) cannot be used for debt collection purposes.

PROCEDURE:

1. Insurance Verification & Billing
    - Verify eligibility and benefits at the time of service.
    - Bill insurance timely per contracts or statute.
    - Document all insurance responses (explanation of benefits, denials, etc.) in the patient account.
    - Accounts declared non-medically necessary cannot be assigned to bad debt unless the patient receives written notice in advance.
2. Government Program Verification
    - Check Medicare, Medi-Cal, eligibility on all self-pay accounts.
    - Submit batch files at least monthly to eligibility vendors, document any unsuccessful attempts.
    - Update account information and complete appropriate billing after confirmation.
3. Self-Pay Account Handling
    - Patient Accounting Representatives manage self-pay accounts.
    - Correct returned mail addresses, attempt telephone contact.
    - Send open accounts to outside agency only if unable to verify or collect after 180 days.
4. Bad Debt Classification
    - Patient Accounting Representatives review/approves bad debt placement
    - According to California Health and Safety Code § 127425(b), Accounts may be placed in collection status 180 days after the first statement.

- Documentation of all collection efforts must be maintained.
- Accounts returned from collection agencies are recorded as bad debt only after being deemed uncollectible.

5. Billing and Collection Communications
    - Patients will receive statements at 30, 60, 90, 120, 150 days, and a Goodbye Letter at 180 days.
    - Communications are provided in English and Spanish.
    - Patients with pending applications for Charity Care, Discount Payment, Medi-Cal, or other government programs will not be referred to collections until eligibility is determined.
6. External Collection Agencies
    - Agencies must comply with Sonoma Valley Hospital Charity Care and Discount Payment policies.
    - Agencies must adhere to AB 774, AB 1020, AB 532, and HCAI requirements.
    - Accounts may be returned to SVH in cases of death, bankruptcy, or uncollectible status.
7. Patient Protections & Compliance
    - Income documentation for financial assistance cannot be used in collection efforts.
    - Reasonable payment plans will be offered prior to referral to collections.
    - All collection actions must be documented in the patient account.
    - SVH protects patient confidentiality and dignity, meeting HIPAA and HCAI requirements.
    - SVH complies with all applicable federal, state, and local laws
    - Patients' rights to financial assistance and fair billing are always maintained

REFERENCES:

HSC § 127405, 22 CCR § 96051.6, HCAI guidance.

AUTHORS/REVIEWERS:
Patient Accounting Manager
Chief Financial Officer

APPROVALS:
Policy & Procedure Team:
The Board of Directors: