



Policy Title	Watsonville Community Hospital Financial Assistance-Billing and Collections Policy	Policy #	BUS1001
Responsible	Patient Access/Registration Director	Revised/Reviewed	12/2022

I. PURPOSE

The purpose of this policy is to comply with and provide information regarding the billing and collection of patient debt, pursuant to the Internal Revenue Code 501(r), California Health and Safety Code 127400-127449, and the policies and practices of Pajaro Valley Health Care District Hospital Corporation dba Watsonville Community Hospital (WCH), a nonprofit hospital.

II. POLICY

It is the policy of WCH to state clear guidelines for staff to commence appropriate collections actions on delinquent patient accounts that have qualified for the financial assistance policy. WCH does turn over patient accounts to a collection agency that have not responded to WCH’s collection efforts. WCH does not sell debt to a debt buyer or other parties or assignees.

III. DEFINITIONS

Application Period: The period of time set for patients to complete the financial assistance application process. The period expires 270 days from the patient’s admission or service date, or 150 days from the initial post-discharge bill, for the emergency or medically necessary care received at WCH.

Emergency and Medically Necessary Care: Any hospital emergency, inpatient, outpatient, or emergency medical care that is not entirely elective for patient comfort and/or convenience. (Typical non-medically necessary services would be cosmetic surgery, infertility treatments, and alternative therapies.)

Emergency Medical Treatment & Labor Act (EMTALA): In 1986, Congress enacted the Emergency Medical Treatment & Labor Act (EMTALA) to ensure public access to emergency services regardless of ability to pay. Section 1867 of the Social Security Act imposes specific obligations on Medicare-participating hospitals that offer emergency services to provide a medical screening examination when a request is made for examination or treatment for an emergency medical condition, including active labor, regardless of an individual's ability to pay. Hospitals are then required to provide stabilizing treatment for patients with emergency medical conditions. If a hospital is unable to stabilize a patient within its capability, or if the patient requests, an appropriate transfer should be implemented. See WCH’s EMTALA policy for further guidance.

Essential Living Expenses: 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.

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Extraordinary Collection Actions (ECAs): Extraordinary collection actions (ECAs) are actions taken by a hospital facility against an individual related to obtaining payment of a bill for care covered under the financial assistance policy that:

- Involve selling an individual’s debt to another party
- Involve reporting adverse information about an individual to consumer credit reporting agencies or credit bureaus
- Involve deferring or denying, or requiring a payment before providing, medically necessary care because of an individual’s non-payment of one or more bills for previously provided care covered under the WCH’s financial assistance policy
- Require a legal or judicial process

Examples of actions that may require a legal or judicial process include, but are not limited to:

- Placing a lien on an individual’s property
- Foreclosing on an individual’s real property
- Attaching or seizing an individual’s bank account or any other personal property
- Commencing a civil action against an individual
- Causing an individual’s arrest
- Causing an individual to be subject to a writ of body attachment
- Garnishing an individual’s wages

A claim filed by a hospital facility in any bankruptcy proceeding is not an ECA. Also, a lien placed on the proceeds of a judgment, settlement, or compromise owed to an individual (or his or her representative) as a result of personal injuries caused by a third party for which the hospital facility provided care is not an ECA.

Financial Assistance: Assistance provided to patients and their families that qualify for financial help to fully or partially pay their portion of emergency and medically necessary care received at WCH as defined in WCH’s financial assistance policy.

Financial Assistance Policy: WCH’s financial assistance policy describes the eligibility criteria, application process to apply for financial assistance, and the charity care (free care) and discounted care (partially free care). It further describes where applications are located and how they can be obtained free of charge.

Guarantor: An individual other than the patient who is responsible for payment of the bill.

Presumptive Eligibility: A hospital facility may presumptively determine that an individual is eligible for financial assistance based on information other than that provided by the individual (e.g., socio-economic information specific to the patient that is gathered from market sources) or based on a prior financial assistance eligibility determination.

A presumptive determination that an individual is eligible for less than the most generous assistance available under a financial assistance policy constitutes “reasonable efforts” to determine financial assistance eligibility if a hospital facility:

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- Notifies the individual regarding the basis for the presumptive eligibility determination and how he or she may apply for more generous assistance available under the financial assistance policy;
- Gives the individual a reasonable period of time to apply for more generous assistance before initiating ECAs to obtain the discounted amount owed for the care; and
- Processes any complete financial assistance application the individual submits by the end of the application period or, if later, by the end of the reasonable time period given to apply for more generous assistance.

WCH uses a third-party vendor to assist in determining presumptive eligibility.

Reasonable Payment Plan: A payment plan where the monthly payments are not more than ten percent (10%) of a patient’s family income for a month, excluding deductions for essential living expenses.

IV. REASONABLE EFFORTS, MULTIPLE EPISODES OF CARE AND NOTIFICATION

WCH will make every reasonable effort not to enter into any ECA’s for emergency and medically necessary care prior to determining whether a patient is eligible for financial assistance. ECA’s will not be initiated prior to 180 days of the initial post-discharge billing statement.

Reasonable efforts for incomplete financial assistance applications – When WCH receives an incomplete financial assistance application during the application period, it will suspend any ECA’s and refrain from initiating any ECA’s for at least 180 from the date WCH provided the first post-discharge billing statement, and it will notify the patient or guarantor of the incomplete application. WCH will also provide the patient with a list of the required documents needed to satisfy the application.

Reasonable efforts for completed FAA – When WCH receives a completed financial assistance application during the application period, it will do the following:

- Suspend any ECA’s that may exist until financial eligibility is determined.
- Determine if the patient is eligible for financial assistance.
- Notify the patient or guarantor in writing of the financial assistance eligibility determination and the basis for such determination.

If the patient is determined to be eligible for financial assistance, WCH will:

- Provide a billing statement of the amount owed, if any, along with the determination letter.
- Refund any amounts the patient or guarantor paid that exceed what is owed. The refund will include interest accrued from the date the payment is received by WCH by the patient or guarantor, at a rate of ten percent (10%) per annum on the refunded amount. The refund will be issued within thirty (30) days from the later of the date the excess amount is paid or the date WCH determines the amount for which the

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patient is personally liable for paying (as a patient or guarantor eligible for financial assistance) after receiving the excess payment.

- WCH will take all reasonably available measures to reverse any ECA’s, including any judgements or liens, and remove the any adverse information reported on the patient or guarantor’s credit history.

If WCH believes a patient or guarantor who has submitted a complete financial assistance application may qualify for Medi-Cal, WCH will postpone making a financial assistance eligibility determination until after the patient’s Medi-Cal application has been submitted and a determination as to Medi-Cal eligibility has been made. Under these circumstances, WCH will not initiate or resume any ECA’s to obtain payment for the care at issue until a financial assistance eligibility determination has been made.

Notification Letter – No less than thirty (30) days prior to an ECA for any emergency or medically necessary care, a notification letter of WCH’s intent will be sent to the patient or guarantor that will contain the following information:

- a. A copy of the plain language summary of the financial assistance policy.
- b. A copy of the financial assistance application, if one is not already on file.
- c. The date of service for the ECA, and the name of entity the bill is being sold to.
- d. Any insurance coverage on file or whether WCH has the patient listed as uninsured.
- e. The documentation noted in the system, if any, of when the patient or guarantor was notified of WCH’s financial assistance policy.
- f. The timing of the application period.

Oral Notification – WCH staff will make every reasonable effort during the registration process for medically necessary care and at a time appropriate after the medical screening examination for emergency care to notify patients and guarantors about the financial assistance policy and the plain language summary thereof. These efforts will be documented in the patients account notes.

Multiple Episodes of Care – If WCH aggregates the outstanding bills for multiple episodes of care, it will not initiate an ECA until 180 days after it provided the first post-discharge bill for the most recent episode of care included in the aggregation.

V. PROCESSES FOR PAYMENT PLANS AND ADVANCING PATIENT DEBT TO COLLECTIONS

If a patient is applying for eligibility under the financial assistance policy and is attempting, in good faith, to settle an outstanding bill with WCH by negotiating a reasonable payment plan or by making regular reasonable payments, WCH will not send the bill to a collection agency until a final determination of the patient’s application has been made.

- A. In cases where the patient or guarantor is approved for discounted care and still owes a bill:
 1. WCH does not require any patient or guarantor eligible for financial assistance to undergo an independent dispute resolution process if a discrepancy exists between a good faith estimate and the final bill.

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2. WCH will negotiate a reasonable payment plan (or an extended payment plan) when requested by the patient or guarantor.
 3. WCH will not send unpaid bills to outside collection agencies and will stop any ECA's, if any exist.
 4. Any extended payment plan agreed to will be interest free.
- B. With respect to an extended payment plan where the patient, or guarantor, fails to make all consecutive payments due during a 90-day period:
1. Before declaring an extended payment plan in default, WCH or the collection agency must make a reasonable attempt to contact the patient or guarantor by phone and give written notice that the extended payment plan may default.
 2. Before declaring an extended payment plan in default, WCH or the collection agency must attempt to renegotiate the extended payment plan with the patient or guarantor, if requested.
 3. WCH or collection agency will not report adverse information to a consumer credit reporting agency or commence a civil action against the patient or guarantor for nonpayment prior to the time the extended payment plan is declared to be in default.
 4. WCH will not report adverse information for any credit bureau until at least 180 days from the date the patient or guarantor was initially billed for the patient's emergency or medically necessary care.
 5. For purposes of this section, the notice and telephone call to the patient may be made to the last known telephone number and address of the patient and documented in the patient account notes.
- C. All circumstances for adverse information reporting to credit bureaus must wait a minimum of 180 days from the initial bill date to the patient or guarantor.
- D. The contractual agreement between WCH and any collection agency will comply with all IRC 501(r) and California Health and Safety Code 127400-127449 regulations.
- E. WCH will not advance patient or guarantor debt to the collection agency unless an extended payment plan is declared to be in default and is not re-negotiated with the patient or guarantor or the patient is unresponsive for at least 180 days from the initial bill date to attempts to bill or offer financial assistance.
- F. All patient or guarantor debt advanced to a collection agency will be reviewed by the Chief Financial Officer of WCH.
1. WCH's financial counselors will provide the Chief Financial Officer with a monthly list of the patient account, name, total, dates of service, initial billed date, and account notes.
 2. The list will be initialed and dated by the Chief Financial Officer and WCH's financial counselors will scan the lists to the WCH server.

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- G. Prior to assigning a patient's or guarantor's account to a collection agency, WCH will send the patient a notice with the following information:
1. The date(s) of service of the account being assigned to collections.
 2. The name of the entity the bill is being assigned to.
 3. A statement informing the patient how to obtain an itemized hospital bill from WCH.
 4. The name and plan type of the health coverage for the patient on record with WCH at the time of services or a statement that WCH does not have that information.
 5. A financial assistance application.
 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.
- H. WCH will not, in dealing with patients eligible under WCH's financial assistance policy, use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.
- I. The collection agency will not, in dealing with any patient eligible under WCH's financial assistance policy, use as a means of collecting unpaid hospital bills any of the following:
1. A wage garnishment, except by order of the court upon noticed motion, supported by a declaration filed by the movant identifying the basis for which it believes that the patient has the ability to make payments on the judgment under the wage garnishment, which the court will consider in light of the size of the judgment and additional information provided by the patient prior to, or at, the hearing concerning the patient's ability to pay, including information about probable future medical expenses based on the current condition of the patient and other obligations of the patient.
 2. Notice or conduct a sale of the patient's primary residence during the life of the patient or the patient's spouse, or during the period a child of the patient is a minor, or a child of the patient who has attained the age of majority is unable to take care of themselves and resides in the dwelling as their primary residence. In the event a person protected by this paragraph owns more than one dwelling, the primary residence will be the dwelling that is the patient's current homestead, as defined in Section 704.710 of the California Code of Civil Procedure, or was the patient's homestead at the time of the death of a person other than the patient who is asserting the protections of this paragraph.
- J. This requirement does not preclude a hospital, collection agency, debt buyer, or other assignee from pursuing reimbursement and any enforcement remedy or

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remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.

VI. AUTHORIZED BODY AND REPORTING REQUIREMENTS

The WCH executive team will review and update this policy and make recommendations to the WCH Board of Directors on a biennial basis (i.e., every other year) unless there are changes in the California Health and Welfare Code section 127400-127449, Internal Revenue Code 501(r), or any other regulations deemed to impact this policy.

WCH is required to upload this policy to the California Department of Health Care Access and Information at least biennially on January 1, or when a significant change is made.