

	TITLE: PFS Billing and Collections Policy
	DEPARTMENT/COMMITTEE: Patient Financial Services
	Effective Date: June 26, 2025

Policy Purpose:

Plumas District Hospital (PDH) is committed to providing patients with the highest quality of care and ensuring that payment options are offered in a way that is respectful of each patient's financial situation. This policy, together with the Charity Care and Discount Payment Policies, is designed to comply with federal, state, and local laws, including Section 501(r) of the Internal Revenue Code and related regulations.

Policy:

PDH treats patients and responsible individuals with dignity and respect, and applies billing and collection procedures fairly and consistently. Reasonable efforts will be made to determine whether a person responsible for payment is eligible for help under the Charity Care and Discount Payment policies.

Definitions:

Charity Care: Free care, with no charge to the patient. Under California law, as updated by Assembly Bill 2297 (AB 2297), charity care can only be provided to patients who qualify for completely free services.

Collection Agency: A company hired by PDH to collect payment from patients.

Discount Payment: A reduced charge for medically necessary care, provided to eligible patients who do not qualify for free care but have limited financial resources. Under AB 2297, a Discount Payment refers to care that is not free, but offered at a lower cost based on the patient's income and medical expenses.

Extraordinary Collection Action (ECA): Sending a patient's account to a collection agency. ECAs do not include setting up an interest-free payment plan through a third party.

Financial Assistance: Help available through interest-free payment plans and the Charity Care (free care for patients at or below 138% FPL) and Discount Payment (reduced but not free care for patients between 139% and 400% FPL), as described in PDH's financial assistance policies..

Patient: The person who received care. This also includes anyone responsible for paying the bill.

Patient Responsibility: The part of the bill a patient must pay after insurance processes the claim.

Procedure:

1. Billing Third Party Payers (Insurance):

- a. **Coverage Information:** PDH will ask patients about any insurance or coverage they may have, including private or public programs.
- b. **Billing:** PDH will send bills to all relevant insurance carriers, including primary, secondary, and any additional insurers, and will follow up as needed. Uninsured patients will be billed directly by PDH.

2. Billing Patients:

- a. **Billing and Financial Consideration:** Before PDH or its agents take any Extraordinary Collection Actions:
 - i. PDH will first try to determine if the patient qualifies for help under its financial assistance policies.
 - ii. No ECAs will be taken until 180 days after the first billing statement.
 - iii. During that time, PDH (or its agent) will send five billing statements, attempt at least one phone call or provide a written notice offering financial help, and give patients a chance to apply.
 - iv. At least 30 days before starting collections, PDH will send:
 - 1. A final billing statement
 - 2. A copy of the financial assistance application and plain language summary
 - 3. Written notice of its intent to refer the account to a collection agency (with the agency's contact info).
 - v. If a financial assistance application is received, PDH will pause collection efforts until a decision is made.
 - vi. Collection Activity may resume if:
 - 1. Only part of the balance is adjusted;
 - 2. The patient does not cooperate with the financial assistance process; or
 - 3. The patient is found ineligible for financial assistance.
- b. **Patient Responsibilities:** It is the patient's responsibility to provide a current mailing address and phone number at the time of service or when any changes occur. If contact information is missing or incorrect, this may affect PDH's ability to determine whether reasonable efforts have been made to notify the patient about financial assistance.
- c. **Billing Insured Patients:** PDH will promptly bill insured patients for any remaining balance after insurance has paid, based on the Explanation of Benefits (EOB) and

any applicable discounts. Discounts may be applied under the Discount Payment Policy or the Prompt Payment Policy, as defined in those policies. Patients who qualify for Charity Care under the Charity Care Policy will not be billed.

- d. **Billing Uninsured (Self-Pay) Patients:** PDH will determine whether uninsured patients may be eligible for Charity Care or Discount Payment based on current income and household size, consistent with Assembly Bill 2297. Patients who qualify for Charity Care under PDH's policy will not be billed for services covered by that policy. All other uninsured patients will be promptly billed for services provided, including any amount due after Discount Payment adjustments are made.
- e. **Financial Assistance Information:** All bills will include a notice about financial assistance options and contact information for a Patient Financial Counselor who can help patients apply.
- f. **Interest Free Payment Plans:** PDH offers interest-free payment plans to patients who qualify. PDH may also use an authorized outside company to help manage these plans. Applications are available on the PDH website or by calling the Patient Financial Counselors.

A payment plan may be declared inactive if the patient misses all payments for 90 days in a row. Before doing so, PDH or its representative will try to contact the patient by phone and send written notice that the plan may be canceled
- g. **Itemized Statements:** Patients may request a detailed, itemized bill at any time.
- h. **Prompt Pay Discount:** All bills will include information about PDH's Prompt Pay Discount, which offers an additional discount to uninsured or underinsured patients who pay quickly, as described in the Prompt Payment Policy.
- i. **Disputes:** Patients may dispute any charge or item on their bill.

3. **Submitting Accounts to Collection Agency (ECA)**

- a. **Statement Cycles:** Patients will receive statements every 30 days once they owe a balance. At 150 days, the final statement will include:
 - i. A copy of the Charity Care and Financial Discount application (in English and Spanish)
 - ii. A plain language summary explaining how to apply for financial help
 - iii. A notice that the balance is overdue and will be sent to a collection agency
 - iv. The name of the collection agency.
- b. **Transfer to Collection Agency:** If no contact is made with the patient by day 180, and the patient has not applied for financial assistance or arranged payments, PDH will send the account to a collection agency to begin collection efforts.
- c. **Documentation Limitation:** Information provided by a patient to determine eligibility for Charity Care or Discount Payment – such as tax returns, pay stubs, or

documentation of assets – will not be used for collection purposes.

- d. **Agency Response:** The collection agency will provide PDH with a detailed report listing the accounts it has accepted for collection activity.
- e. **Payments to PDH After Transfer:** If a patient makes a payment directly to PDH for an account that has already been referred to a collection agency, PDH will notify the agency within two business days.
- f. **Medicare Beneficiaries:** Accounts for Medicare patients may be sent to the collection agency as Medicare Bad Debt. However, the agency will not report these accounts to credit bureaus. The agency will send three letters over a 30-day period. If no payment is received after 180 days, the account will be closed and reported on PDH's Medicare Bad Debt Log.

If a Medicare patient has passed away, the account may be sent to the agency to help determine whether there is an estate that may be billed. The agency will be informed in advance that the patient is deceased. If there is no estate, the agency will follow the hospital's procedure for closing the account.

In addition, no patient account that has been found eligible for financial assistance will be referred to a consumer credit reporting agency, regardless of payer type.

- g. **Debt Sale Timing:** PDH will not sell a patient's debt to a debt buyer unless the patient has either been found ineligible for financial assistance, or has not responded to any bills or financial assistance offers for at least 180 days.
- h. **Prohibition on Credit Reporting for Financial Assistance Patients:** PDH will not report any account to a credit bureau if the patient is found ineligible for financial assistance – regardless of insurance status or payer type.

Even if the account is referred to a collection agency for administrative purposes, no adverse credit reporting will occur.

4. **Returned Accounts from a Collection Agency**

- a. **Financial Assistance:** If the collection agency identifies that a patient qualifies for financial assistance, the account may be reconsidered. PDH will pause collection activity for up to 30 days and notify the patient that collection may resume if an application is not completed.

Collection activity may resume if:

- i. A partial adjustment was made;
 - ii. The patient does not cooperate with the application process; or
 - iii. The patient is found ineligible for financial assistance.
- b. **Settlement Requests:** The collection agency will forward all patient settlement offers to PDH's Patient Financial Manager for review.
 - c. **Cancellation of Account Assignments:** PDH may cancel any account sent to a

collection agency at any time for any reason.

- d. **Patient Communication:** If a patient contacts PDH about an account that has been referred to collections, PDH will refer the patient to the collection agency. If the patient refuses to work with the agency, a hospital representative may act as an intermediary and communicate with the agency on the patient's behalf.
- e. **Agency ECA Efforts:** The collection agency must comply with all federal, state, and local laws regarding collection practices.

References:

Hospital Fair Pricing Policies Act (California Health and Safety Code Sections 127400 through 127446) (specifically, Sections 127425 and 127430)

Fair Debt Collections Practices Act (California Civil Code Sections 1788 through 1788.33)

PDH Charity Care Policy

PDH Discount Payment Policy

PDH Prompt Payment Policy