

**ANAHEIM GLOBAL MEDICAL CENTER
 CHAPMAN GLOBAL MEDICAL CENTER
 HEMET GLOBAL MEDICAL CENTER
 MENIFEE GLOBAL MEDICAL CENTER
 ORANGE COUNTY GLOBAL MEDICAL CENTER
 SOUTH COAST GLOBAL MEDICAL CENTER
 VICTOR VALLEY GLOBAL MEDICAL CENTER**

POLICY AND PROCEDURE

Title:	Debt Collection Policy		
Manual:	BUSINESS OFFICE PROCEDURE MANUAL	Policy No.:	
Original Date: 01/01/2024	Revised Date: 12/30/2024	Reviewed Date:	

PURPOSE

The purpose of this policy is to set forth guidelines for each of the hospitals above (each a “hospital”) to ensure compliance with all applicable federal and state laws with respect to debt collection efforts for hospital bills for which the hospital has established that the patient or the patient’s guarantor bears financial responsibility.

SCOPE

This policy applies to the hospital’s central business office, its outside agencies to whom debt collection activities are assigned (“collection agencies”), any debt buyer or other assignee.

Balances that are the financial responsibility of the patient or their guarantor(s) may include, without limitation, balances for (1) uninsured/self pay patients and (2) patient responsibility after services have been billed to patient’s insurance, insurance has paid and applied a patient share of the cost (e.g. Medi-Cal Share of Cost, Medicare deductibles and coinsurances, commercial/managed care deductibles, coinsurance and copayments), subject to any applicable discounts under the hospital’s Charity Care/Discount Payment policy.

POLICY

A. Billing and Reasonable Efforts to Determine Eligibility of Financial Assistance.

1. At time of billing, a hospital shall provide a written summary regarding the availability of the hospital’s discount payment and charity care policies consistent with the requirements of Health and Safety Code Section 127410, which includes the same information concerning services and charges provided to all other patients who receive care at the hospital.

2. The Director of Revenue Cycle or their designee shall have the authority to review and determine whether reasonable efforts have been made to evaluate whether a patient is eligible for financial assistance such that patient debt may be advanced for collection and whether the collection activity is conducted by the hospital, an affiliate or subsidiary of the hospital, or by an external collection agency, or debt buyer.
3. The hospital has established minimum thresholds for assigning accounts to a collection agency.

B. Notice Requirements Before Assigning Patient Accounts to Collections

1. Before assigning a bill to collections, or selling patient debt to a debt buyer, the hospital shall send a patient a notice with all of the following information:
 - a. The date or dates of service of the bill that is being assigned to collections 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.
 - 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.

2. Fair Debt Collection Practices Notice

- a. Prior to commencing collection activities against a patient, the hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency, shall also provide the patient with a clear and conspicuous written notice of the following:
 - i. A statement on patient's rights as follows: "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.”

ii. A statement that nonprofit credit counseling services may be available in the area.

b. The notice required above shall also accompany any document indicating that the commencement of collection activities may occur.

c. The requirements of this section shall apply to the entity engaged in the collection activities. If a hospital assigns or sells the debt to another entity, the obligations shall apply to the entity, including a collection agency, engaged in the debt collection activity.

C. Relationships with Collections Agencies

1. **Compliance with Law, Policies and Standards**

a. Collection agencies contracted with the hospital must attest to, and always comply with, federal and state laws applicable to the collection of consumer and patient debts.

b. Collection agencies shall treat patients, their families, and other contacts fairly, and with dignity, compassion and respect.

c. Collection agencies must review and comply with the hospital's policies and standards related to debt collection, including, without limitation, this policy and the Charity Care/Discount Care policy including the hospital's definition and application of a reasonable payment plan, as defined in subdivision (i) of Health and Safety Code Section 127400.

d. Each collection agency that contracts with the hospital shall maintain adequate documentation to show compliance with the requirements of federal and state consumer debt collection laws and all other requirements based on the most current version of this policy and the Charity Care/Discount Care policy.

2. **Standards for Contracting with Collection Agencies.** The hospital shall not engage any collection agency to collect patient accounts unless:

a. The arrangement is set forth in a written agreement signed by the collection agency and authorized hospital representative; and

- b. The written agreement requires the collection agency to comply with this policy and the law, policies and standards referenced above.
3. **No Assignment or Subcontracting.** Collection agencies may not assign or subcontract the collection of any account without:
 - a. The prior written consent of the Revenue Cycle Director or their designee; and
 - b. A written agreement by the assignee or subcontractor to comply with this policy and federal and state law.
4. Nothing in this policy or any written agreement with any collection agency or debt buyer shall be construed to create a joint venture between the hospital and the external entity, or otherwise to allow hospital governance of an external entity that collects hospital receivables.

D. General Practices Regarding Debt Collection

1. If a patient is attempting to qualify for eligibility under the hospital's charity care or discount payment policy and is attempting in good faith to settle an outstanding bill with the hospital 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.
2. The hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency or debt buyer, shall not report adverse information about a patient's hospital debt to any consumer credit reporting agency.
3. The hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency or debt buyer, shall not commence civil action against the patient for nonpayment before 180 days after initial billing.
4. In determining the amount of a debt a hospital may seek to recover from patients who are eligible under the hospital's Charity Care/Discount Payment policy, the hospital may consider only income as limited by Health and Safety Code Section 127405.
5. Information obtained in accordance with the hospital's financial assistance policies for the purposes of determining eligibility for charity care or a discounted payment shall not be used for collections activities. This paragraph does not prohibit the use of information obtained by the hospital,

collection agency, or assignee independently of the eligibility process for charity care or discounted payment.

6. The hospital or other assignee that is an affiliate or subsidiary of the hospital shall not, in dealing with patients eligible under the hospital's Charity Care/Discount Payment policy, use wage garnishments or liens on any real property as a means of collecting unpaid hospital bills.
7. A collection agency, debt buyer, or other assignee that is not a subsidiary or affiliate of the hospital shall not, in dealing with any patient under the hospital's Charity Care/Discount Payment policy, use as a means of collecting unpaid hospital bills, any of the following:
 - a. 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 shall 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.
 - b. Notice or conduct a sale of any real property owned, in part or completely, by the patient.
 - c. Liens on any real property.
8. The hospital, collection agency, debt buyer, or other assignee may pursue reimbursement and any enforcement remedy or remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.
9. The hospital may require a patient or guarantor to pay the hospital any amounts sent directly to the patient by third-party payors, including from legal settlements, judgements, or awards.
10. The hospital is not required to reimburse a patient for amounts actually paid in excess of the amount due if: (1) it has been five years or more since the patient's last payment to hospital/debt buyer, or (2) the patient's debt was sold before January 1, 2022, in accordance with the law at the time.

E. Extended Payment Plans.

1. Extended payment plans offered by a hospital to assist patients eligible under the hospital's Charity Care/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 hospital extended payment plan may be declared no longer operative after the patient's failure to make all consecutive payments due during a 90-day period. Before declaring the hospital 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, to give notice in writing, that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan. Prior to the hospital extended payment plan being declared inoperative, the hospital, collection agency, debt buyer, or assignee shall attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient. The hospital, collection agency, debt buyer, or assignee shall not commence a civil action against the patient or responsible party for nonpayment prior to the time the extended payment plan is declared to be no longer operative. For purposes of this provision, the notice and telephone call to the patient may be made to the last known telephone number and address of the patient.
2. Nothing herein shall diminish or eliminate any protections consumers have under existing federal and state debt collection laws, or any other consumer protections available under state or federal law. If the patient fails to make all consecutive payments for 90 days and fails to renegotiate a payment plan, nothing herein limits or alters the obligation of the patient to make payments on the obligation owing to the hospital pursuant to any contract or applicable statute from the date that the extended payment plan is declared no longer operative.

The 90 day period described above shall be extended if the patient has a pending appeal for coverage of the services, until a final determination of that appeal is made, if the patient makes a reasonable effort to communicate with the hospital about the progress of any pending appeals.

- a. For purposes of this section, "pending appeal" includes any of the following:
 - i. A grievance against a contracting health care service plan, as described in Chapter 2.2 (commencing with Section 1340) of Division 2, or against an insurer, as described in Chapter 1 (commencing with Section 10110) of Part 2 of Division 2 of the Insurance Code.

- ii. An independent medical review, as described in Section 10145.3 or 10169 of the Insurance Code.
- iii. A fair hearing for a review of a Medi-Cal claim pursuant to Section 10950 of the Welfare and Institutions Code.
- iv. An appeal regarding Medicare coverage consistent with federal law and regulations.

F. Debt Sale to Debt Buyer

The hospital shall not sell patient debt to a debt buyer, as defined in Section 1788.50 of the Civil Code, unless all of the following apply:

1. 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.
2. The hospital includes contractual language in the sales agreement in which the debt buyer agrees to return, and the hospital agrees to accept, any account in which the balance has been 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 is eligible for charity care or financial assistance.
3. The debt buyer agrees to not resell or otherwise transfer the patient debt, except to the originating hospital or a tax-exempt organization described in Health and Safety Code Section 127444, or if the debt buyer is sold or merged with another entity.
4. The debt buyer agrees not to charge interest or fees on the patient debt.
5. The debt buyer is licensed as a debt collector by the Department of Financial Protection and Innovation.

G. Maintenance of Records. 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 but not limited to:

1. Documents related to litigation filed by the hospital.
2. A contract and significant related records by which a hospital assigns or sells medical debt to a third party.
3. A list, updated at least annually, of every person, including the person's name and contact information, that meets at least one of the following

criteria:

- a. The person is a debt collector to whom the hospital sold or assigned a debt that a patient of the hospital owed the hospital.
 - b. The person is retained by the hospital to pursue litigation for debts owed by patients on behalf of the hospital.
4. Any contract entered into by a hospital 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 5 years.

Physician Bills Not Covered By This Debt Collection Policy

This policy does not apply to collections for services provided by physicians or other medical providers, including, without limitation, emergency room physicians, anesthesiologists, radiologists, hospitalists, pathologists, etc., whose services are not included in a patient's bill from the hospital. Billing and collections for such services are separately billed and collected by the physician, physician group or other provider.