



Title: Statement Cycle and Debt Collection		Number: RC301
Manual: Administrative	Section: Revenue Cycle	Effective Date: 08/18/2025

I. PURPOSE: To establish guidelines for revenue reimbursement, including collection process and assignment to bad debt. This policy establishes compliance with California AB 1020 legislation. Debt that is owed to a general acute care hospital licensed pursuant to Health & Safety Code Section 1250 is subject to AB 1020.

II. DEFINITIONS:

- A. AB 1020:** California Assembly Bill 1020: Health Care Debt and Fair Billing legislation which took effect on January 1, 2022
- B. Final Collection Notice AKA Goodbye Letter:** Notice described in Health & Safety Code 127425(e) that subject general acute care hospitals (those licensed pursuant to Health & Safety Code Section 1250) must send.

III. POLICY:

- A.** Claims shall be submitted within five days of date of discharge. Each claim submitted shall be paid or have documented reason(s) for being denied before being considered closed.
- B.** Follow up statement shall be sent for patient with self-pay balance every 30 days up to 120 days.
- C.** Prior to assignment to collections, a “Final Collection Notice” letter will be sent including:
 - 1. Date or dates of service of the bill that is being assigned to collections
 - 2. Name of the entity the bill is being assigned to
 - 3. Statement informing how to obtain an itemized hospital bill
 - 4. Name and plan type of the health coverage for the patient on record at the time of services or statement that patient is a self-pay with no health plan coverage
 - 5. Application for hospital charity care and financial assistance
 - 6. Date notice about applying for financial assistance sent, date financial application was sent, and if applicable date a decision on the application was made
- D.** After 180 days unpaid balances for self-pay patient shall be transferred to bad debt.
- E. Bad Debt Approvals:**
 - 1. \$0 - \$1,000 Revenue Cycle Division Supervisor
 - 2. \$1,001 - \$5,000 Revenue Cycle Division Manager
 - 3. \$5,001 - \$50,000 Revenue Cycle Director
 - 4. \$50,001 - \$100,000 Vice President of Revenue Cycle
 - 5. \$100,001 > Chief Financial Officer
- F. Bad Debt Collection Activities:**

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1. Information obtained from income tax returns or paystubs collected for the discount payment or charity care eligibility determinations cannot be used for collection activities.
2. Liens on any real property cannot be used as a means of collection for unpaid bills.

G. Consumer Credit Agency Reporting

1. Bad debt information is not reported to consumer credit reporting agencies

IV. REFERENCES:

California Legislative Information:

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1020

POLICY CONTRIBUTORS, APPROVALS, AND HISTORY

Policy Contributors	
Facilitator:	Manager, Patient Accounts
Policy Collaborators:	
Department Head:	Executive Director Revenue Cycle
Executive Management Team Member:	Ken Baxter, Vice President Revenue Cycle