

Department of Health Services  Finance Policy	
Document Title Charging & Collection of Medical Services Rendered	POLICY NUMBER 530 VERSION NUMBER 5
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PURPOSE

To establish the guidelines and requirements regarding collection and charging activities for medical services rendered to patients at Department of Health Services (DHS) facilities.

POLICY STATEMENT

Subject to the exceptions stated herein, DHS shall charge and pursue the collection of all billable charges for services provided. Such charges shall be at the appropriately established rates and in accordance with applicable DHS's no-cost or low-cost policies. Reimbursement shall be sought from various third-party payors (e.g., Medi-Cal, Medicare, insurance, etc.), the patient, the patient's responsible relatives, or any third-party tortfeasors.

The Director, or her/his designee (hereinafter Director), shall exercise her/his authority to collect delinquent accounts regardless of whether a third-party payor is involved. Pursuant to Los Angeles County Code Section 2.76.045, the Director may contract with one or more outside collection agencies (OCA) to provide delinquent account collection services.

DEFINITIONS

The phrase "responsible relative" means any person who is legally responsible for the debts of a patient, and includes, but is not limited to, the parents of minors, guardians, conservators, or trustees of family trust.

APPROVED BY: Allan Wecker (CHIEF FINANCIAL OFFICER, HEALTH SERVICES (UC))	DATE: 05/22/2025
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PROCEDURES

Rules Related to Billing Practices: Definitive, standard financial practices, which conform to the requirements set forth below, shall be issued for the Department's charging process.

- DHS or its contracted billing vendors shall bill third-party payors in accordance with the respective payor's requirements, including deadlines for claim submission, and shall seek to collect from such resources.
- DHS or its contracted billing vendors shall bill and seek to collect patient's deductible, co-insurance, and other types of patient residual amounts.
- DHS or its contracted billing vendors shall bill all patients or their responsible relatives at least once, where the patient is personally liable for some or all of the charges, for all allowable amounts, up to actual charges regardless of amount owed (i.e., minimum balance). Such billing shall occur no less than twice prior to referral of the account to an OCA.
- At the time of billing, DHS and OCA shall provide to all low-income uninsured patients at least the same information concerning services and charges as is provided to all others in the same financial class. Bills to uninsured patients shall include all legally required information, including information about possible eligibility for government sponsored programs and about applying for government sponsored programs including coverage from the California Health Benefit Exchange (Covered California), Ability-to-Pay (ATP), or the County's Financial Assistance Programs and Charity Care Programs (FAPs).
- DHS facilities do not itemize bill. A series of bills (data mailers) are sent to each patient or his/her responsible relatives where the patient is self-pay or has a self-pay residual amount. Each of the bills in the series has a slightly different message.

Rules Regarding Advancing Accounts to Collections: Definitive, standard financial practices which conform to the requirements set forth below, shall be issued for when the Department will advance its accounts to OCA:

- DHS or its billing vendor will send each self-pay patient, or a patient with a residual self-pay amount at least two (2) data mailers, no less than 30 days apart, before an account is assigned to an OCA.
- Prior to assigning any self-pay or self-pay residual account to collections, DHS shall send the patient a notice with the information required by Health and Safety Code Section 127425(e).
- A notice shall be provided and also include the information required by Health and Safety Code Section 127430, regarding proper collection procedures under state and federal law.
- DHS' Chief of Consolidated Business Office or its designee shall authorize the referral of delinquent self-pay and self-pay residual accounts to an OCA. Such referral shall occur no earlier than 10 days after the notice discussed above is issued. An account shall be considered delinquent only after the patient has been sent at least two bills and the following requirements are met:
 - The patient or his/her responsible relative has not responded or has indicated an intention not to pay the amount due.

- The patient or his/her responsible relative has requested information regarding FAP information and application has been discussed with the patient; and the patient has been deemed not eligible.
- The patient or his/her responsible relative has not requested an extended repayment plan or is not making regular partial payments.
- Neither DHS nor its OCA shall pursue collection efforts against a Medi-Cal patient for services within the Medi-Cal scope of coverage for which Medi-Cal has been billed, except to collect the patient's Medi-Cal share of cost. However, collections efforts may be made for services which are outside of the scope of Medi-Cal coverage.
- Prior to starting collection efforts, an OCA shall provide the patient or his/her responsible relative with the notice required in Health and Safety Code Section 127430.

Rules Regarding the Collection of Patient Debt: Definitive, standard financial practices which conform to the requirements set forth below, shall be issued for the collection of accounts:

- Self-pay residual amounts related to Medicare deductibles and co-insurance shall be pursued using the same processes, and at least as vigorously as those accounts not related to Medicare patients. However, neither DHS nor its OCA shall pursue collection of Medicare deductibles and co-insurance for services within the Medi-Cal scope of benefits which relate to patients who are also Medi-Cal eligible, except to bill Medi-Cal for such services.
- DHS and its OCA shall comply with all federal, state and local legal requirements and restrictions on collection activities, including but not limited to the Rosenthal Fair Debt Collection Practices Act (California Civil Code Section 1788), the Federal Fair Debt Collection Practices Act, and California's Fair Pricing Policies (See California Health & Safety Code § 127400 et seq.)
- In collecting DHS patient accounts, personnel shall be courteous and respectful. Persons collecting DHS accounts may not communicate with the patient or a person liable for the patient's debt, at any unusual time or place known to be inconvenient to the patient or responsible party.
- Persons collecting DHS accounts shall only communicate with the patient or the person liable for the patient's debt, unless authorized in writing by the patient to speak with someone else.
- Persons collecting DHS accounts shall make efforts to protect the confidentiality of patient's personal health information in accordance with the Health Insurance Portability and Accountability Act.
- Persons collecting DHS accounts may not engage in conduct, the result of which is to harass, oppress or abuse the patient or his/her responsible party.
- DHS and its OCA shall make available to all patients an Extended Payment Plan. Such plan shall be interest free.
- Persons collecting DHS accounts may not make any false or misleading representations in collecting such accounts.
- Under no circumstance will DHS and its OCA report adverse information to a consumer credit reporting agency.

- Patients receiving services in a County hospital may request and be screened for discounted or charity care eligibility under the Ability-to-Pay (ATP) program or other FAPs, per policy 515 at any time, including after the account has been referred to an OCA.
- DHS or the OCA shall not use wage garnishments or liens on real property or the sale of real property as a means of collecting unpaid hospital bills. This requirement does not preclude DHS or OCA from pursuing reimbursement from third-party liability settlements, tortfeasors, or other legally responsible parties.
- DHS or the OCA shall pursue reimbursement and any enforcement remedies from third party liability settlements, tortfeasors, or other legally responsible parties, irrespective of the existence of an ATP agreement limiting the patient's personal liability.
- While it is currently not DHS' practice to file litigation against patients or their responsible parties to collect unpaid amounts, this may change in the future. If it does, neither DHS nor any OCA shall commence a civil action non-payment against the patient or his/her responsible relative until at least 180 days have passed since the patient was initially billed, or an extended repayment plan has been declared inoperative.

Rules Related to Managing OCA Relationships:

- DHS will ensure that OCA is knowledgeable about the DHS financial assistance policies and aware of its obligation to make the FAPs available to qualified patients.
- DHS will obtain a written agreement from each OCA that such OCA will adhere to DHS' standards and scope of practices related to the collection of patient debt including using DHS' definitions and rules related to a reasonable repayment plan.
- DHS may obtain and retain the written policies from OCA regarding collection practices to ensure compliance with the County policies. DHS shall require its contracted billing vendors and OCA to provide all legally required notices to patients.
- DHS will assure that all contracts with OCAs that are permitted to use litigation to collect referred accounts will require the OCA to maintain records related to such litigation for five (5) years.

Rules Regarding Compromising Accounts or Write Offs:

- DHS may compromise on an account balance, but in doing so shall follow Los Angeles County Code Section 2.76.046. The OCA shall follow written established guidelines, before compromising any account balance.
- No patient account may be considered uncollectible and recommended for write off unless at least 180 days have passed since the patient was first billed.
- DHS shall, in accordance with County Fiscal Manual Sections 10.2.11, 10.2.13, and 10.2.14, report all charges deemed uncollectible to the TTC, recommending write off.

Rules Regarding Document Retention: DHS facilities shall maintain all records relating to money owed to the facility by a patient or a patient's guarantor for five (5) years, including, but not limited to the following:

- Documents related to litigation over the debt.

- The contract and significant related records by which DHS assigns debt related to DHS services to a third party.
- A list, updated at least annually, of the name and contact information for every person that qualifies as a debt collector to who DHS has sold or assigned debt related to DHS services, or who is retained by DHS to pursue litigation on behalf of DHS facilities for debts owed by patients.

Exceptions to this Policy are only as provided in the following Departmental Policy No. 525, “Costs of Health Care Services to Provide Evidence for Criminal Proceedings”.

AUTHORITY

Federal Fair Debt Collection Practices Act 15 U.S.C. §§ 1692-1692p

California Civil Code §§ 1788-1788.3

California Health & Safety Code § 127400 et seq.

Los Angeles County Code: Sections 2.76.045 and 2.76.046

Los Angeles County Fiscal Manual: Sections 10.2.11, 10.2.13, and 10.2.14

REFERENCES

DHS Policy No. 515, “Financial Assistance Programs and Charity Care Policy”

DHS Policy No. 516, “Coverage Verification and Financial Screening Requirements”

DHS Policy No. 530.1, "Claim Submission"

DHS Policy No. 525, “Costs of Health Care Services to Provide Evidence for Criminal Proceedings”