



DEBT COLLECTION PRACTICES AND COLLECTION AGENCY MANAGEMENT(AHS)

<i>Department</i>	Patient Access Services	<i>Effective Date</i>	03/2004
<i>Campus</i>	AHS System	<i>Date Revised</i>	12/2019, 03/2020, 01/2021, 04/2022
<i>Category</i>	Finance	<i>Next Scheduled Review</i>	04/2023
<i>Document Owner</i>	Vice President Revenue Cycle	<i>Executive Responsible</i>	Chief Financial Officer

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POLICY STATEMENT

This policy applies to Alameda Health System (AHS) and any outside agencies working on our behalf that have the responsibility to bill patients and applicable third-party payers accurately, timely, fairly and consistent in accordance with all contractual obligations, laws and regulations including without limitation to the California Health and Safety Code and regulations issued by the United States Department of the Treasury under section 501(r) of the Internal Revenue code. AHS will not threaten or treat our patients or payers with disrespect or with an aggressive tone or behavior. AHS collection practices shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation. AHS shall not deny medically necessary services due to an individual’s inability to pay or knowledge of a previous account in bad debt.

PURPOSE

To assure that consistent collection practices are followed with respect to both patients and payers and that AHS staff, collection agencies, and other vendors acting on behalf of AHS, comply with all applicable AHS policies and procedures, as well as applicable provisions of state and federal law. This policy applies to Alameda Health System and any outside agencies working on our behalf.

DEFINITIONS

For the purpose of this policy, the terms below are defined as follows:

A. Extraordinary Collection Action: (ECA)

An Extraordinary Collection Action is any of the following:

1. Any action to obtain payment from a patient that requires a legal or judicial process, including the filling of a lawsuit.
2. Selling a patient’s debt to another party including a collection agency
3. Reporting adverse information about a patient to a credit agency or a credit bureau
4. Seizing a bank account
5. Lien on a residence or other personal or real property
6. Foreclosure on real or personal property

7. Actions that cause a Patient's arrest
8. Wage garnishment
9. Delay or denial of medically necessary care based on the existence of an outstanding balance for prior service
10. Obtaining an order for examination

Extraordinary collection action does not include referral to a debt collection agency.

AHS will make reasonable efforts not to employ ECA's during the 180-day notification period, which is no earlier than 30 days after the date of the notice or 180 days after the first post-discharge billing statement whichever is later. AHS will make reasonable efforts during the application period of 240 days from the first post-discharge billing statement to accept a Financial Assistance Application even if we have initiated ECA's against the patient.

B. Financial Assistance/Charity Care

Assistance provided to patients for whom it would be a financial hardship to fully pay the expected out of pocket expense for medically necessary services provided by AHS and who meet the eligibility criteria for such assistance. A patient may qualify for assistance when the family income does not exceed 400% of the federal poverty level. Under this Policy, Financial Assistance is defined as Charity Care (refer to Charity Care Policy). AHS Charity Care Policy can be obtained by contacting Patient Access or Patient Financial Services Departments, or through AHS website.

C. Guarantor

- D.** For the purposes of this policy, a Guarantor is the individual who is the financially responsible party for payment of an account balance, and who may or may not be the patient.

E. Uninsured Patient

A patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medi-Cal, and whose injury is not a compensable injury for Worker's Compensation.

F. Self-Pay Discount

Describes the situation where the hospital has determined that the patient does not qualify for Charity Care but is eligible for a Self-Pay Discount and is expected to pay only a part of the bill. The Self-Pay Discount is described more fully in the AHS policy, "Self-pay and Prompt Pay Discount Policy".

II. PROCEDURE

- A. AHS will pursue payment for debts owed for health care services provided by AHS according to AHS policy and procedures. The procedures for assignment to collection will be applicable to all AHS Guarantors.
- B. AHS will comply with relevant federal and state laws and regulations in the assignment of bad debts.
- C. Billing Third Party Payers
AHS shall diligently pursue all amounts due from third party payers, including contracted and non-contracted payers, and any other HMO, PPO group health plans indemnity insurer or government program payers that may be financially responsible for a patients' care.
- D. Billing Insured Patients
AHS shall promptly bill insured patients for the patient responsibility amount as computed by the Explanation of Benefits (EOB) and directed by the third-party payer. AHS defines promptly billing as within 12 months from the time of the payment from the payer. If this time has passed and the patient has not been sent a bill for the patient's responsibility amount, we will consider the amount not billable to the patient.
- E. Billing Uninsured Patients
AHS shall promptly bill uninsured patients for items and services provided using our billed charges less the standard self-pay discount for inpatient and outpatient services, if applicable. This self-pay discount does not apply to patients who qualified for financial assistance/Charity Care or received services that are already discounted.
- F. Itemized Statements
A patient may request an itemized statement for their account at any time.
- G. Disputes
Any patient may dispute an item or charge on their bill. Patients may initiate a dispute in writing or over the phone. Once a dispute is received, the account will be placed on hold during the investigation of the dispute.
- H. The initial patient billing statement will include a financial assistance application. This will provide our patients with an additional opportunity to apply for financial assistance once patient liability is determined by the insurance payer.
- I. All patient account balances that meet the following criteria are eligible for placement with a collection agency:
 - 1. AHS has made attempts to collect payment using reasonable collection efforts, such as statements, or telephone calls. AHS will attempt to mail four (4) Guarantor statements after the date of discharge from outpatient or inpatient care, with at least 180 days having passed since AHS sent the initial bill to the patient. The fourth Guarantor statement will include a final 30-day notice,

indicating that the account may be placed with a collection agency and the **name of the collection agency**. All billing statements include a notice about the AHS Financial Assistance/Charity Care Policy.

2. Accounts with a “Returned Mail” status are eligible for collections assignment after all good faith efforts have been documented and exhausted.
3. If AHS determines that a patient qualifies for Financial Assistance/Charity Care, and the Guarantor has paid AHS more than the amount that should be due from a qualified patient, AHS shall refund the amount actually paid to AHS in excess of the amount due, including interest at the rate provided in the Code of Civil Procedure Section 685.010, calculated from the date of AHS’s receipt of the overpayment.
4. Patient balances referred to a collection agency will be recorded as bad debt in the financial and reporting system.

NO COLLECTION DURING FINANCIAL ASSISTANCE/CHARITY CARE APPLICATION PROCESS

AHS and contracted collection agencies shall not pursue collection from a patient who has applied for financial assistance for 30 days and shall return any amount received from the patient at the time the patient qualifies for financial assistance. Patients shall not be sent to a collection agency if they have been approved to receive Charity Care under the AHS Charity Care Policy. AHS will not turn an account over to a collection agency without applying self-pay discount for uninsured patients.

PAYMENT PLANS

AHS and any collection agency acting on its behalf shall offer uninsured patients and insured patients with a patient responsibility portion, the option to enter into an agreement to pay their patient responsibility portion or any other amounts due over time. AHS will also offer extended payment plans for those patients who indicate an inability to pay a patient responsibility amount in a single installment. Terms of Payment Plans: all payment plans shall be interest-free. AHS will negotiate an extended payment plan to allow payments over time that is agreed upon between AHS and the patient based on the patient’s family income and essential living expenses. If AHS and the patient are unable to agree on the terms of the payment plan, AHS shall extend a payment plan option under which the patient may make a monthly payment of not more than 10% of the patient’s monthly family income after excluding essential living expenses. “essential living expenses” means expenses for any of the following: rent, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments laundry and cleaning, and other extraordinary expenses.

DECLARING PAYMENT PLAN INOPERATIVE

An 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; timing is based on the initial billing statement. Before declaring the payment plan no longer operative, AHS or the contracted collection agency shall make a reasonable attempt to contact the patient by phone and to give notice in writing that the extended payment plan may become inoperative, and that the patient has the opportunity to renegotiate the extended payment plan. After 60 calendar days has lapsed and the patient has missed at least 30 calendar days to make a payment the payment plan is declared inoperative, AHS or contracted collection agency may commence collection activities according to the previously discounted amount determined.

COLLECTION AGENCY RULES

1. A Collection Agency's performance and its functions must be consistent with AHS mission, core values and policies, including but not limited to the Charity Care Policy, and the Debt Collection Practices and Collection Agency Management Policy.
2. The contract with the Collection Agency must state whether AHS has authorized the collection agency to file negative credit reports against patients for non-payment.
3. The Collection Agency must have processes in place to identify patients who may qualify for Charity Care, communicate the availability and details of the charity care program to these patients and refer to patients who qualify and are seeking charity care consideration back to the Patient Financial Services Department
4. The Collection Agency shall not seek any payment from a patient who has applied for Financial Assistance/Charity Care and will return any amount received from the patient if approved for charity care.
5. At least 180 days must have passed since AHS sent the initial patient bill along with the Goodbye notice before it is placed with a contracted Collection Agency. The
 - a. The Collection Agency may only attempt to collect the amount outstanding after application of the self-pay discount.
 - b. The Collection Agency may not file a lien against a patient's residence, personal or real property.
 - c. The Collection Agency shall not foreclose on a patients personal or real property.
 - d. A Collection Agency shall not garnish a patient's wages
 - e. A Collection Agency will never serve a patient with an arrest warrant
 - f. Any interest charged by the collection agency must meet requirement and may not exceed an annual rate of 10% interest
 - g. A Collection Agency will never threaten a patient with any of the above comments to collect the debt
 - h. The Collection Agency must agree that it will not engage in any extraordinary collection actions to collect a patient debt.
 - i. Until a payment plan is declared inoperative no report may be made to a consumer credit reporting agency.

EVALUATE AGENCY PERFORMANCE

1. AHS will evaluate the performance of each Collection Agency at least on an annual basis. Items to consider in this evaluation are the collection experience compared to other years and other agencies, and comparison to established goals. We will also consider patient reactions, patient complaints.
2. Not less than annually, AHS will evaluate the Collection Agencies business ethics and methods of operations and their compliance with AHS policies.

ASSIGNMENTS OF ACCOUNTS TO COLLECTION AGENCIES

1. AHS should obtain written statements from the Collection Agencies not less than annually attesting that they are following AHS policy and complying with all state and federal laws and regulations
2. AHS will investigate and analyze patient complaints about the activities of the Collection Agency and promptly and thoroughly make and document all necessary corrections.
3. AHS will review the Collection Agencies form letters and scripts to ensure they are compatible with AHS mission statement and core values and this policy.

APPROVALS

	System	Alameda	AHS/Highland/John George/San Leandro
Department	N/A	02/2021	02/2021
Pharmacy and Therapeutics (P&T)	N/A	N/A	N/A
Clinical Practice Council (CPC)	N/A	N/A	N/A
Medical Executive Committee	N/A	02/2021	02/2021
Board of Trustees	02/2021	N/A	N/A