



Debt Recovery Policy

Effective Date: January 1, 2025

I. Purpose and Scope

This document sets forth the guidelines for Children's Healthcare Organization of Northern California (CHONC) regarding the recovery of outstanding debts accrued from guarantors for medical services rendered. It aims to align with the California Health and Safety Code and the Federal Patient Protection and Affordable Care Act, ensuring the organization's financial health and prioritizing resources for the support of economically disadvantaged patients. This policy is relevant to all organizational departments and staff members.

II. Definitions and Terms

- **Collection Actions:** Includes but is not limited to, property liens, foreclosure on real property, attachment or seizure of bank accounts or personal property, civil actions, arrests, wage garnishments, deferral or denial of care due to non-payment, demanding payment before providing necessary care, and debt sales.



- **Financial Assistance:** Support offered to patients challenged by the financial burden of paying expected out-of-pocket expenses for necessary medical services. CHONC provides two types of financial assistance: Charity Care and Financial Hardship Discounts, as further detailed in the Financial Assistance and Charity Care Policy.

III. Procedures for Debt Recovery

- **Recovery Initiatives:** CHONC commits to actively pursuing the settlement of outstanding debts for healthcare services in accordance with organizational procedures and legal requirements.
- **Legal Adherence:** The assignment of bad debts will be conducted in compliance with all pertinent federal and state laws and regulations.
- **Eligibility for Collection Agency Assignment:**
 - Efforts to collect debt include sending four billing statements post-discharge with a final notice on the last statement.
 - Accounts marked as “Returned Mail” after all attempts to contact have failed.



- Accelerated collection actions may be taken for patients with existing open debts. Overpayments identified post-financial assistance determination will be refunded promptly.
- Patient debt may not be advanced to a collection agency earlier than 180 days after billing, unless otherwise required by law, and requires approval by the CFO and Administrator.
- **Pre-collection Communication:** Before initiating collection actions, CHONC will provide written notice to patients or guarantors, informing them of their rights under state and federal debt collection laws:

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. Nonprofit credit counseling services may be available in your area.



- **Payment Plans for Financial Hardship:** Eligible patients can negotiate an extended, interest-free payment arrangement, taking into account their financial situation, the total amount owed, and any previous payments. Specific steps will be taken to address and renegotiate payment plans following a missed payment.
- **Resolution of Account Disputes:** Guarantors disputing the balance may request an investigation and validation of the account before it is forwarded to a collection agency.
- **Recall of Accounts from Collection Agencies:** CHONC reserves the right, at its discretion and in accordance with legal requirements, to recall accounts from collection agencies for direct resolution or reassignment.
- **Confidentiality in Financial Assistance:** Information obtained to assess eligibility for financial assistance shall not be employed for collection purposes, except as independently acquired by CHONC or its agents outside of the financial assistance assessment process.
- **Compliance and Accountability:**



- All employees, contracted staff, and any individuals acting on behalf of CHONC are expected to comply with this policy in addressing patient debt.
- Instances of non-compliance should be reported to CFO and Administrator and will be subject to investigation and potential disciplinary action, up to termination.