

SUBJECT: <b>DEBT COLLECTION AND REFERRAL; PATIENT NOTIFICATION</b>	SECTION:  <b>Page 1 of 6</b>
---	------------------------------------

**Printed copies are for reference only. Please refer to the electronic copy for the latest version.**

**PURPOSE:**

Sierra View Medical Center (SVMC) is committed to meeting the health care needs of all patients in the community and to ensure that consistent collection attempts are made prior to assignment to bad debt based on all state and federal guidelines.

**DEFINITIONS:**

**Bad Debt:** Unrecoverable debt as a result of a third-party payer or patient which has not paid in full, and is unlikely to be paid for various reasons.

**Reasonable Payment Plan:** Defined as monthly payments that are not more than 10 percent of a patient's family income for a month, excluding deductions for essential living expenses. "Essential living expenses" means, for purposes of this subdivision, expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, 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. **Charity Packet:** Defined as a completed charity application, hardship letter, recent tax return or recent check stubs (one month) and proof of living expenses.

**Essential Living Expenses:** Defined as expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, 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 expenses, and other extraordinary expenses.

**High Medical Costs:** a person whose family income does not exceed 400 percent of the federal poverty level For these purposes, "high medical costs" means any of the following:

(1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed the lesser of 10 percent of the patient's current family income or family income in the prior 12 months.

(2) Annual out-of-pocket expenses that exceed 10 percent of the patient's family income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's family in the prior 12 months.

**Collection Agency:** A "Collection Agency" is any entity engaged by a Hospital to pursue or collect payment from Patients.

**POLICY:**

<b>SUBJECT:</b> <b>DEBT COLLECTION AND REFERRAL; PATIENT NOTIFICATION</b>	<b>SECTION:</b>  <b>Page 2 of 6</b>
--	---

**Printed copies are for reference only. Please refer to the electronic copy for the latest version.**

Sierra View Medical Center will take all steps necessary to ensure a patient is able to resolve their outstanding balance for any services received at the facility by offering both opportunity and assistance for help with the resolution of a patient account prior to sending to collections.

SVMC uses two collection agencies based on an alpha split. Assignment of accounts to the collection agencies is made with the approval of the Administrative Director of Revenue Cycle or Manager of Patient Accounting. Patient Accounting does not authorize any agency to use threatening tactics when trying to resolve patient accounts. Our goal is to assist the patient with a mutually beneficial arrangement for both the organization and the patient prior to assigning any account for collection.

Collection agencies will abide by all state and federal laws relating to the collection of accounts and will agree to abide by any policies adopted by SVMC and adhere to the hospital's standards and scope of practices. SVMC does not permit liens on residences nor, can there be wage garnishments without a court order for the collection of accounts assigned to any agency.

**AFFECTED AREAS:** *PATIENT FINANCIAL SERVICES, /CREDIT & COLLECTIONS PERSONNEL/CONTRACTED COLLECTION AGENCIES*

#### **PROCEDURE:**

Before an account is assigned to an outside agency for collection efforts, SVMC Patient Accounting staff will investigate to see if the following circumstances are met:

1. Accounts must be greater than 180 days old from date of service unless account returned by the United States Postal Service (USPS) as non-deliverable, then accounts may be sent to bad debt sooner than 180 days. If it is discovered there is a wrong address it will be noted in either the hospital Health Information System (HIS) system or the outsource vendor system. If the USPS provides SVMC with a forwarding address, SVMC will update the address on file to the one provided by the USPS.
2. Before assigning a bill to collections a hospital shall send a patient a notice with all of the following information:
  - i. (1) The date or dates of service of the bill that is being assigned to collections or sold.
  - ii. (2) The name of the entity the bill is being assigned or sold to.
  - iii. (3) A statement informing the patient how to obtain an itemized hospital bill from the hospital.
  - iv. (4) 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.
  - v. (5) An application for the hospital's charity care and financial assistance.



<b>SUBJECT:</b> <b>DEBT COLLECTION AND REFERRAL; PATIENT NOTIFICATION</b>	<b>SECTION:</b> <p style="text-align: right;"><b>Page 4 of 6</b></p>
--	---

**Printed copies are for reference only. Please refer to the electronic copy for the latest version.**

7. Patient is not in an appeal or dispute status for the above items.
8. Patient has not applied or have a pending application for another health coverage program.
9. Information has been provided to patients on:
  - a. SVMC Charity Care and Financial Assistance Policy
  - b. California Health Benefit Exchange (Covered California) and other state-or county-funded health coverage, as well as Medicare, Medi-Cal, Healthy Families and California Children’s Services for which they might be eligible. Information regarding the availability of programs is noted on the patient statements that are sent monthly to patient. In addition, Sierra View Medical Center has applications available for patients in the event they request one.
10. Guarantor is not a minor or is not subject to any statutory regulations which allow minors access to their own medical information
11. Patient has failed to comply with their insurance request such as: coordination of benefit questionnaire, accident questionnaire etc.
12. All attempts to collect from all payer sources have been exhausted.
13. Patient provides a copy of their insurance information within the timely filing requirements outlined in the SVMC contracted payer guidelines.
14. Patients with no health insurance coverage or patients with “high medical costs”, to include patients with third party coverage who are at the 400% or lower Federal Poverty guidelines who have qualified for a discount on services rendered at the facility based on either income or hardship.
15. Statements are returned by the Post Office as undeliverable.

If patient qualifies for a discount, Patient Accounting staff will note the discounted balance in the system prior to assignment to collections. The Financial Counselors have primary responsibility for posting the charity adjustment on each individual account utilizing either of the following adjustment codes:

1. ACHAAFTINI

<b>SUBJECT:</b> <b>DEBT COLLECTION AND REFERRAL; PATIENT NOTIFICATION</b>	<b>SECTION:</b>  <p style="text-align: right;"><b>Page 5 of 6</b></p>
--	---

**Printed copies are for reference only. Please refer to the electronic copy for the latest version.**

2. ACHAAFTINO
3. ACHARITY I
4. ACHARITY O

Department staff will educate all patients on alternative methods of payment available to them prior to being sent to bad debt by:

1. Providing charity application, contact information for the Financial Counseling department or Patient Accounting department for assistance with our charity and financial assistance programs.
2. Program information is posted at all registration locations, on the SVMC website, SVMC patient portal, all external clinics, cashiers window, Patient Accounting department, on the patient statement and now include “observation units”.
3. Providing information on the hospital collection letters that discuss options available to patient.

If the patient or patient family representative fails to provide insurance coverage for the particular date of service in question, but later brings a copy of the insurance information which is then deemed to have been in effect for the patient on the date of service in question, the patient may still be subject to the collection process in the following circumstances:

1. If patient fails to provide the necessary insurance information at time of service or in a timely manner, which is defined by individual contracted payer guidelines and State sponsored program such as Medicare and Medi-cal. SVMC will take all steps available to help patients with resolution of account issues by submitting a claim on behalf of the patient.
2. If patient requests billing to be done to third party payer, i.e. Auto Insurance, and it is later determined that coverage does not exist, patient must have provided health insurance benefit information prior to the timely filing limit.

It is ultimately the patient’s responsibility to ensure their account is paid by their insurance company.

**REFERENCE:**

- HSC 127425; SB1276: AB1020, AB532, No Surprise Act Title XXVII of the Public Health Service Act (PHS Act), as amended by Title I (No Surprises Act) and Title II (Transparency) of Division BB of the Consolidated Appropriations Act, 2021

SUBJECT: <b>DEBT COLLECTION AND REFERRAL; PATIENT NOTIFICATION</b>	SECTION:  <b>Page 6 of 6</b>
---	------------------------------------

**Printed copies are for reference only. Please refer to the electronic copy for the latest version.**