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I. **PURPOSE:**

The purpose of this Debt Collection Policy (the “Policy”) is to establish the policies and practices of Stanford Health Care (“SHC”) regarding the billing and collection of Patient debt, pursuant to the California Health and Safety Code, the Federal Patient Protection and Affordable Care Act, and other applicable law.


II. **POLICY:**

In the interest of promoting financial stability and conserving resources for Patient care, this Policy will provide a clear and consistent process for conducting billing and collection functions at SHC that ensures that debts owed by Patients and their Guarantors for health care services provided by SHC are collected in a manner that promotes Patient satisfaction, efficiency, and compliance in accordance with legal and regulatory requirements.

III. **DEFINITIONS:**

A. **Extraordinary Collection Action (ECA)**: Has the same meaning as used in Internal Revenue Code 501(r). More specifically, each of the following is an ECA:

1. Selling an individual’s debt to a third party;
2. Reporting adverse information about the individual to a consumer credit reporting agency or credit bureau;
3. Deferring or denying medically necessary care because of an individual’s nonpayment of a bill for previously provided care eligible for coverage under SHC’s Financial Assistance Policy;
4. Requiring a payment before providing medically necessary care because of outstanding bills for previously provided care eligible for coverage under SHC’s Financial Assistance Policy;
5. Placing a lien on an individual’s property;
6. Foreclosing on an individual’s real property;
7. Attaching or seizing an individual’s bank account or other personal property;


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8. Causing an individual's arrest;
9. Commencing a civil action against an individual or obtaining a writ of attachment; and
10. Garnishing an individual's wages.

- B. **Financial Assistance:** Financial Assistance means assistance provided to financially qualified (i) Uninsured Patients; and (ii) Patients with High Medical Costs, both as defined in SHC's Financial Assistance Policy.
- C. **Guarantor:** A person who has legal financial responsibility for a Patient's health care services.
- D. **Payment Plan:** An extended interest-free payment plan that is negotiated between SHC and the Patient for any Patient out-of-pocket fees. The Payment Plan shall take into account the Patient's income, essential living expenses, assets, the amount owed, and any prior payments.
- E. **Patient:** A Patient is an individual who received Healthcare Services from SHC. All references to a Patient in this Policy shall be deemed to include the Guarantor.

IV. **PROVISIONS:**

- A. **Collection of Patient Debts.** SHC will pursue payment for debts owed for health care services provided by SHC, including designating unpaid amounts as bad debt and sending unpaid accounts to third-party debt recovery services vendors, according to SHC policy and procedures as summarized in this Policy. All actions to collect Patient debt shall be undertaken at SHC's discretion in accordance with this Policy and shall be in compliance with relevant state and federal laws and regulations regarding the collection of debt.
- B. **No ECAs.** Neither SHC nor any third-party debt recovery services vendor that works on behalf of SHC shall engage in any ECAs as defined in Definition section.
- C. **Third-Party Debt Recovery Service Vendors.** All Patient account balances meeting one or more of the following criteria are eligible for placement with a third-party debt recovery service vendor, which will continue to pursue debts owed to SHC. The third-party debt recovery service vendor acts as an extension of SHC's billing department. In no event

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will SHC “sell” Patient debt to a third-party debt recovery service vendor. The criteria for placement with a third-party debt recovery service vendor are as follows:

1. SHC has made diligent efforts to inform Patients of their financial responsibilities and available Financial Assistance options and has attempted to collect payment using reasonable collection efforts using billing statements, written correspondence, and phone calls.
2. SHC has made reasonable efforts to determine a Patient's eligibility for Financial Assistance under SHC's Financial Assistance Policy.
3. SHC has made reasonable efforts to mail or send electronically at least four (4) Guarantor Statements after the date of discharge from outpatient or inpatient care, with a final 10-day notice appearing on the fourth Guarantor statement, indicating the account may be placed with a third-party debt recovery service vendor. All billing statements include a notice about the availability of Financial Assistance.
4. Accounts with a “Return Mail” status are eligible for placement with a third-party debt recovery service vendor after all good faith efforts to identify a correct address have been documented and exhausted.

D. **Authority to Send Accounts to Third-Party Debt Recovery Service Vendor.** SHC shall forward accounts to a third-party debt recovery service vendor using the process approved by the Director of Self Pay Management Office.


E. **Notices to Patients.** Prior to commencing collection activities against a Patient, SHC or any third-party debt recovery service vendor shall provide the Patient or Guarantor with the following written notices:

1. 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

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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.

2. A holder of this medical debt contract is prohibited by Section 1785.27 of the Civil Code from furnishing any information related to this debt to a consumer credit reporting agency. In addition to any other penalties allowed by law, if a person knowingly violates this section by furnishing information regarding this debt to a consumer credit reporting agency, the debt shall be void and unenforceable.
- F. **Patients with Multiple Open Accounts.** If a Patient currently has accounts with unresolved bad debt balances, SHC reserves the right to send other open accounts with Patient balances to a third-party debt recovery service vendor.
 - G. **Suspension of Collection Activity.** SHC will suspend any and all collection actions if a completed Financial Assistance Application, including all required supporting documentation, is received.
 - H. **Refunds to Patients.** If SHC determines that a Patient qualifies for assistance under the Financial Assistance Policy, and the Guarantor has paid SHC more than the amount that should be due from a qualified Patient, SHC shall refund the amount paid to SHC in excess of the amount due including interest at the rate provided in the Code of Civil Procedure Section 685.010 from the date of SHC's receipt of the overpayment. Notwithstanding the foregoing, if the amount overpaid by the Guarantor is \$5.00 or less, SHC shall not refund the overpayment or pay interest, but shall provide the qualifying Patient a hospital credit in the amount overpaid for 60 days from the date the amount was due.
 - I. **Payment Plans.**
 1. **Term of Payment Plans.** Patients shall have the opportunity to negotiate an interest-free Payment Plan that would allow the Patient to pay their balance over time. If SHC and the Patient are not able to agree on the terms of a payment plan, the default Payment Plan shall be monthly payments that are not more than 10 percent (10%) 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,


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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.

2. **Declaring Payment Plan no Longer Operative.** The extended Payment Plan may be declared no longer operative after the Patient's or Guarantor's failure to make all consecutive payments due during a 90-day period starting with the first day that the Patient misses a payment. Before declaring the hospital extended Payment Plan no longer operative, SHC shall make a reasonable attempt to contact the Patient or Guarantor by telephone and to give notice in writing at least sixty (60) calendar days after the first missed payment that the extended Payment Plan may become inoperative, and of the opportunity to renegotiate the extended Payment Plan. Prior to the hospital extended Payment Plan being declared inoperative, SHC shall attempt to renegotiate the terms of the defaulted extended Payment Plan, if requested by the Patient or Guarantor. The Patient shall be given at least thirty (30) calendar days, starting from the date the written notice of the missed payment was sent, to make a payment before the extended Payment Plan is declared inoperative. For purposes of this, the notice and telephone call to the Patient or Guarantor may be made to their last known telephone number and address. If a Payment Plan is declared inoperative, and the Patient has qualified for Financial Assistance, Hospital or third-party debt recovery service vendor shall limit the amount it seeks from the Patient to the amount the Patient was responsible to pay after any discounts.

- J. **Disputes Regarding Patient Balance.** If a Patient or Guarantor disagrees with an account balance, the Patient or Guarantor may request the account balance be researched and verified prior to placement of the account with a third-party debt recovery service vendor by contacting our Customer Service Billing department or sending a billing message through their MyHealth account.

- K. **Recall of Patient accounts.** Accounts with a third-party debt recovery services vendor may be recalled and returned to SHC at the discretion of SHC and/or according to state or federal laws and regulations. SHC may choose to work the accounts to resolution with the Guarantor or a third party as needed, or place the accounts with another third-party debt recovery service vendor.

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- L. **Prohibition On Use Of Documentation Collected From Financial Assistance Application.** Documentation of income obtained from a Patient or Guarantor during the process of determining their eligibility for Financial Assistance shall not be used for collections activities; provided, however, that this does not prohibit the use of information obtained by SHC or any of its agents or third-party debt recovery service vendors independently of the eligibility process for Financial Assistance.


V. **COMPLIANCE:**

- A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at Stanford Health Care (SHC) are responsible for ensuring that individuals comply with this Policy.
- B. Violations of this Policy will be reported to the Department Manager and any other appropriate Department as determined by the Department Manager or in accordance with SHC policy. Violations will be reported to the Compliance Department by the Department Manager and investigated to determine the nature, extent, and potential risk to SHC. Workforce members who violate this policy will be subject to the appropriate disciplinary action up to and including termination.

VI. **RETENTION OF COLLECTION RECORDS:**

SHC will maintain all records relating to money owed to SHC by a Patient or the Guarantor for five years, including, but not limited to, all of the following:

- A. Documents related to litigation filed by the SHC;
- B. Contracts and significant records by which SHC assigns or sells medical debt to a third party (provided, however, that as stated above, SHC does not sell medical debt);
- C. A list, updated at least annually, of every person, including the person's name and contact information, that meets at least one of the following criteria:
1. The person is a debt collector to whom the Hospital sold or assigned a debt that Patient owed to the Hospital (provided, however, that as stated above, SHC does not sell medical debt); and

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2. The person is retained by Hospital to pursue litigation for debts owed by Patients (provided, however, that as stated above, SHC does not pursue litigation again patients for Patient debts).

VII. RELATED DOCUMENTS / PROCEDURES:


- A. Financial Assistance Policy

VIII. APPENDIX:

- A. Appendix: Contact Information

IX. DOCUMENT INFORMATION:

- A. Legal References / Regulatory Requirements:
 1. California Health and Safety Code 127400-127462 as applicable.
 2. Federal Patient Protection and Affordable Care Act, Section 501(r) of the Internal Revenue Code and regulations thereunder.
 3. American Hospital Association's Patient Billing Guidelines
 4. Code of Civil Procedure Section 685.010
- B. Health Care Debt and Fair Billing Program Assembly Bill 1020 (Chapter 473, Statutes of 2021)Original Document:
 1. Author, date: January 2007, S. DiBoise, Chief Hospital Counsel and E. Leigh, Office of General Counsel
- C. Stored in: Administrative Manual
- D. Review and Renewal Requirements:
 1. This policy will be reviewed and/or revised biennially or as required by change of law or practice.
- E. Review and Revision History:
 1. January 2010, Erin Leigh Esq., Office of General Counsel
 2. March 2011, Sarah DiBoise, Chief Hospital Counsel
 3. May 2015, Andrea M. Fish, Office of General Counsel
 4. July 2015, James Hereford, Chief Operating Officer
 5. April 2020, Andrea M. Fish, Office of General Counsel, Kristine Grajo, Director Self-Pay Management Office
 6. July 2021, Michelle Gray, Regina Burrell, Repeka Ileremia, PFC Managers
 7. February 2023, Sarah J. Diboise, Office of General Counsel, Sondra Hornsey, Chief Compliance and Privacy Officer, Kristine Grajo, Director Self Pay Management Office
 8. October 2023, Kristine Grajo, Director, Self Pay Management Office; Noel Juairé, Executive Director, Hospital and Professional Patient Financial Services; Joanne Andreas, Interim Director, Self

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Pay Management Office; Amie Heckman, Optimization Program Manager

9. December 2024, Kathy Zhang, Office of General Counsel, Kristine Grajo, Director Self Pay Management Office, Alicia Perrone, Senior Manager Self Pay Management Office

F. Approvals:

1. January 2007, S. DiBoise, Chief Hospital Counsel
2. February 2007, SHC Core Oversight Group
3. April 2010, SHC Operations Group
4. May 2011, SHC Operations Group
5. April 2014, SHC Operations Group
6. August 2015, SHC Board Credentials, Policies & Procedures Committee
7. June 2020, Noel Juaire, Executive Director, Patient Financial Services; Policies & Procedure Steering Committee; Operational Leadership Team Committee
8. July 2020, SHC Board Credentials, Policy & Procedure Committee
9. September 2021, Deborah Montez, SHC VC PAS Director, Charlie Perry, PFC Director
10. February 2023, Noel Juaire, Executive Director, Hospital and Professional Patient Financial Services
11. May 2023 Policies & Procedure Steering Committee; Operational Leadership Team Committee
12. June 2023 SHC Board Credentials, Policy & Procedure Committee
13. December 2023 Mindy Rogers, Vice Chair; David Entwisle, Board Member; Cecilia Herbert, Board Member for Stanford Health Care Board of Directors
14. January 2025, Stanford Health Care Board of Directors

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Appendix A: Contact Information

1. Customer Service Billing Department at (800) 549-3720 or online at: www.stanfordhealthcare.org/financialassistance