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Collection Practices and Collection Agency Management

COVERAGE:

El Camino Hospital ("ECH") Patient Accounting Employees, Patient Access, Managers, Supervisors, Outside Collection Agencies and Early Out Vendors

PURPOSE:

To ensure that consistent collection practices are followed with respect to both patients and payers and that the collection agencies and Early Out Vendors acting on behalf of ECH comply with all applicable ECH policies and procedures as well as applicable provisions of California Law and regulations issued by the United States Department of the Treasury under section 501r of the Internal Revenue Code. This policy applies to El Camino Hospital and any outside agencies working on our behalf.

REFERENCE:

- Patient Protection and Affordable Care Act of 2010 and Hospital Fair Pricing Policies (Health and Safety Code §§ 127400-127446; California Code of Regulations, Title 22, sections 70959, 96040-96050)

PROCEDURE:

- A. ECH and those agencies acting on our behalf will bill all patients and applicable third party payers accurately, timely fairly and consistent in accordance with all contractual obligations, laws and regulations including without limitation 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. ECH will not threaten or treat our patients or payers with disrespect or with an aggressive tone or behavior.
- B. Extraordinary Collection Action: 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 filing 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 or 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
 11. Causing an individual's arrest
 12. Causing an individual to be subject to a writ of body attachment
- C. Extraordinary Collection Action does not include referral to a debt collection agency.
- D. Prohibition on Extraordinary Collection Action: ECH and Collection Agencies and Early Out Vendors shall not employ Extraordinary Collection Action to attempt to collect from a Patient, including reporting to consumer credit agencies.
- E. Billing Third Party Payers:
1. ECH 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 Insurers, or government program payers that may be financially responsible for a patient's care.
- F. Billing Patients:
1. Billing Insured patients: ECH 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. ECH defines promptly billing as six months from the time of the last payment by the payer. If this time has passed, ECH will consider the amount not billable to the patient.
 2. Billing Uninsured Patients: ECH shall promptly bill Uninsured Patients for items and services provided using its billed charges after the application of the Financial Assistance (Discounted Charity Care, Eligibility Procedures, Review Process) Policy or any other discounts. ECH will include the billing notice described in section 2(c) of its internal procedural document entitled Distribution of Financial Assistance Procedure with all bills to Uninsured Patients.
 3. ECH shall include the notice described in section 2(b) of its internal procedural document entitled Distribution of Financial Assistance Procedure with all bills to patients.
- G. Itemized Statements: A patient may request an itemized statement for their account at any time
- H. Disputes: Any patient may dispute an item or charge on their bill. Patients may initiate a dispute in writing or over the phone with a customer service representative or with Patient Experience. Refer to Dispute Procedure for more guidance
- I. Collection Practices:

1. General Collection Practices - ECH may employ reasonable collection efforts to obtain payment from Patients. General collection activities may include: issuing patient statements, phone calls, and referral of statements to early-out or collections vendor. ECH has a procedure to ensure that patient questions and complaints about bills are researched and corrected where appropriate, with timely follow up with the patient. ECH does not sell patient debt to debt buyers.
2. Billing communications to patients must include a phone number the patient can call with questions regarding obtaining government program coverage, commercial insurance coverage, charity care and uninsured patient discounts.
3. No Collection during Financial Assistance Application process. ECH and Collection Agencies shall not pursue collection from a Patient who has submitted an application 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 ECH Financial Assistance Policy. ECH will not turn an account over to a collection agency without applying the uninsured patient discount for self-pay patients.

J. Payment Plans:

1. ECH 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 and any other amounts due over time. ECH will also offer extended payment plans for those Patients who indicate an inability to pay a Patient Responsibility amount in a single installment.
2. Terms of Payment Plans: All payment plans shall be interest-free. ECH will negotiate an extended payment plan (to allow payments over time) that is agreed upon between ECH and the patient, based on the patient's ability to pay.
3. 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. Before declaring the payment plan no longer operative, ECH or the 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 a payment plan is declared inoperative, ECH or Collection Agency may commence collection activities.

K. Collection Agency Rules.

1. A collection agency's performance and its functions must be consistent with ECH's mission, core values, and policies, including but not limited to the Financial Assistance Policy and the Collection Practices and Collection Agency Management Policy.
2. The contract with the collection agency must state whether or not ECH has authorized the collection agency to file negative credit reports against patients for non-payment. ECH does not file negative credit reports to any reporting agencies for its patients.
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 patients who qualify and are seeking charity care consideration back to the Patient Accounts Department.

4. The collection agency is to have a monitoring process in place to catch any occurrences where a self-pay account was referred to collections without the uninsured patient discounts and will notify ECH if that occurs.
5. The Collection Agency shall not seek any payment from a Patient who has submitted an application for Financial Assistance or is eligible for Financial Assistance pursuant to the Financial Assistance Policy.
6. ECH will refund any amount (in excess of \$5.00) received from the patient during any period for which the patient is determined eligible for Financial Assistance if approved for Financial Assistance within 30 days. Interest owed by ECH to the patient shall accrue at the rate set forth in section 685.010 of the Code of Civil Procedure (10% annum), beginning on the date payment by the patient is received by ECH.
7. After 150 days from initial billing, subject to the conditions below, a patient debt is advanced to an external collection agency, based on the authority granted to the Chief Financial Officer or his/her/their designee by the Hospital Board of Directors. For multiple episodes of care that are aggregated for the purposes of billing, the 150 days period will start after the initial billing of the most recent episode of care included in the aggregated bill.
8. Before assigning a bill to collections, ECH shall send a patient a notice with all of the following information:
 - a. The date or dates of service of the bill that is being assigned to collections.
 - b. The name of the entity the bill is being assigned.
 - c. A statement informing the patient how to obtain an itemized hospital bill from ECH.
 - d. The name and plan type of the health coverage for the patient on record with ECH at the time of services or a statement that ECH does not have that information.
 - e. An application for the ECH's charity care and financial assistance.
 - f. The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.
9. Prior to commencing collection activities against a patient, ECH or its designated collection agency shall provide the patient with a clear and conspicuous written notice containing both of the following:
 - a. The following statement: "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."
 - b. A statement that nonprofit credit counseling services may be available in the area. This notice shall also accompany any document indicating that the commencement of collection activities may occur.

10. Collection Actions by Collection Agency

- a. The collection agency may only attempt to collect the amount outstanding after application of the Financial Assistance Policy and any discounts.
- 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. A collection agency will never threaten a patient with any of the above comments in an effort to collect the debt.
- g. The Collection agency must agree that it will not engage in any Extraordinary Collection Actions to collect a patient debt.

L. Evaluate Agency Performance:

- 1. ECH will periodically evaluate the performance of each collection agency as appropriate. Items to consider in this evaluation are the collection experience compared to other years and other agencies, and comparison to established goals. ECH will also consider patient reactions and patient complaints. The evaluation will be documented in the form of a memo with recommendations to retain or eliminate the agency. This evaluation should be supplied to and reviewed by the appropriate management team.
- 2. ECH will periodically evaluate the collection agencies business ethics and methods of operations and their compliance with ECH policies.

M. Assignments of accounts to collection agencies

- 1. ECH will review collection agencies form letters and scripts to ensure they are compatible with ECH mission statement and core values and this policy.
- 2. ECH will investigate and analyze patient complaints about the activities of collection agency and promptly and thoroughly make and document all necessary corrections.

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Approval Signatures

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