



POLICY: Collection Practices and Collection Agency Management
EFFECTIVE DATE: 04/2022
REVISED DATES: 04/2022; 10/2025

I. COVERAGE

El Camino Hospital ("ECH") Patient Accounting Employees, Patient Access, managers, supervisors, outside collection agencies and early-out vendors

II. 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.

III. REFERENCE

Health and Safety Code §§127400-127446, 1339.585; California Code of Regulations, Title 22, §§ 70959, 96040-96050; 26 U.S.C. § 501(r); 26 C.F.R. §§ 1-501(r)(0)-1.501(r)(7).

IV. DEFINITIONS

- **Charity Care:** free care.
- **Insured Patients:** patients with third-party coverage for health care services, 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 patient care.

- **Patient with High Medical Costs:** A patient whose family income does not exceed 400 percent of the FPL, and meeting any of the following:
 - Annual out-of-pocket costs incurred by the patient 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. Out-of-pocket costs means any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing.
 - 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. Out-of-pocket expenses means any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing.
- **Uninsured Patients:** Patients without third-party coverage for health care services.

V. BILLING PROCEDURE

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.

A. Billing Third Party Payers

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.

B. Billing Patients

- i. 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 responsible 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.

- ii. 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.
- iii. Notice: 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.

C. Billing Communications to Patients

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.

D. Itemized Statements

A patient may request an itemized statement for their account at any time.

E. 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

VI. EXTENDED PAYMENT PLANS

ECH and any collection agency acting on its behalf may 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 offer extended payment plans for those patients who indicate an inability to pay a patient responsibility amount in a single installment. Uninsured Patients whose family incomes are at or below 400% of the federal poverty level and Patients with High Medical Costs whose family incomes are at or below 400% of the federal poverty level may qualify for Charity Care pursuant to ECH’s Financial

Assistance Policy. Patients eligible for Charity Care have no balances left to apply extended or reasonable payment plans, nor is there any extended or reasonable payment plans with patients eligible for Charity Care to be declared no longer operative.

VII.

COLLECTIONS PROCEDURE

After 180 days from initial billing, subject to the conditions below, a patient debt is advanced to an external collection agency. Patient debt is advanced for collection under the authority of the Chief Financial Officer or his/her/their designee. For multiple episodes of care that are aggregated for the purposes of billing, the 180 day period will start after the initial billing of the most recent episode of care included in the aggregated bill.

A. Notification Period

Before assigning a bill to collections, ECH shall send a patient a notice with all of the following information:

- The date or dates of service of the bill that is being assigned to collections.
- The name of the entity the bill is being assigned.
- A statement informing the patient how to obtain an itemized hospital bill from ECH.
- 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.
- An application for the ECH's charity care and financial assistance.
- 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.

The notice shall also include a clear and conspicuous written notice containing 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."

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.

This notice will also state the patient's right to apply for financial assistance at any time.

B. 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 vendors. 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.

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.

C. 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.

ECH and its Collection Agencies shall not pursue collections from a patient who is attempting to qualify for Financial Assistance under Hospital's Financial Assistance Policy and is attempting in good faith to settle an outstanding bill

D. Documentation 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 ECH or any of its agents or third-party debt recovery service vendors independently of the eligibility process for Financial Assistance.

E. Extraordinary Collection Action

Extraordinary Collection Actions are actions taken by a hospital facility against an individual related to obtaining payment of a bill for care covered under the hospital's Financial Assistance Policy as further defined in 26 CFR § 1.501(r)- 6(b). Some examples of Extraordinary Collection Actions are:

- Any action to obtain payment from a Patient that requires a legal or judicial process, including the filing of a lawsuit.
- Selling a Patient's debt to another party including a collection agency
- Reporting adverse information about a Patient to a credit agency or credit bureau.
- Seizing a bank account
- Lien on a residence or other personal or real property
- Foreclosure on real or personal property
- Actions that cause a Patient's arrest
- Wage garnishment
- Delay or denial of medically necessary care based on the existence of an outstanding balance for prior service
- Obtaining an order for examination
- Causing an individual's arrest
- Causing an individual to be subject to a writ of body attachment

Extraordinary Collection Actions do not include referral to a debt collection agency.

ECH and its agents, including collection agencies, do not engage in Extraordinary Collection Actions. Neither ECH nor its agents will furnish any information related to a patient's debt to a consumer credit reporting agency, nor will either use wage garnishments or file a lien against a patient's primary residence as a means of collecting unpaid hospital bills.

VIII. COLLECTION AGENCY RULES

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 this Collection Practices and Collection Agency Management Policy. The contract with the collection agency must state ECH does not authorize the collection agency to perform ECAs, including reporting negative credit reports against patients for non-payment. A collection agency must never threaten a patient with an Extraordinary Collection Action in an effort to collect the debt.

ECH will maintain all records related to patient medical debt for at least five years and require any assignee or collection agency to do the same.

A. Collection Agency Accounts and Financial Assistance

The collection agency may only attempt to collect the amount outstanding after application of the Financial Assistance Policy and any discounts.

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. The collection agency shall 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.

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.

B. Monitoring and Evaluation of Collection Agency Performance

ECH will review collection agencies form letters and scripts to ensure they are compatible with ECH mission statement and core values and this policy.

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.

ECH will periodically evaluate the collection agencies' business ethics and methods of operations and their compliance with ECH policies.

ECH will investigate and analyze patient complaints about the activities of collection agency and promptly and thoroughly make and document all necessary corrections.

IX. DISCLAIMER

Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.