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Last Approved	1/2025
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Policy Area	Patient Accounting

Debt Collection Policy

POLICY

It is the policy of St. Rose Hospital to provide clear and consistent guidelines for performing billing and collections functions. All collections activities are in compliance with applicable laws and best practices as set forth in St. Rose Hospital policies.

PURPOSE

1. To establish guidelines and standards that St. Rose Hospital will follow with respect to the collection of patient debt; including those patients who are eligible for Charity Care and Discounted Care.
2. This policy is intended to comply with the State of California's Hospital Fair Pricing Policies (Health & Safety Code §§ 127400 to 127446), the Federal Patient Protection and Affordable Care Act, all other applicable federal and state laws, and the practices of St. Rose Hospital.

This Debt Collection Policy along with St. Rose Hospital's Charity Care Policy and Discounted Care Policy is intended to comply with Section 501(r) of the Internal Revenue Code (IRC) as enacted by the Affordable Care Act, and the implementing regulations, effective for tax years beginning after December 29, 2015 as well as the State of California's Hospital Fair Pricing Policies (Health & Safety Code §§127400 to 127446), Emergency Physician Fair Pricing Policies (Health & Safety Code §§ 127450 to 127462), and the Consumer Credit Reporting Agencies Act, as applicable, and Office of Inspector General, Department of Health and Human Services (OIG) guidance regarding financial assistance to uninsured and under-insured patients.

This Debt Collection Policy has been updated to implement the changes provided for by AB 2297 and SB 1061 and ensure compliance with all applicable laws.

DEFINITIONS

- A. **Medically Necessary Care:** A medical service or treatment that is necessary to treat or diagnose a medical condition, the omission of which could adversely affect the patient's condition, illness, or injury. Medically Necessary Care does not include elective or cosmetic procedures.

PROCEDURE

Debt Collection Activities

- A. **No Use of Information Collected for Charity Care and Discounted Care:** Information collected or obtained as to determine eligibility under St. Rose Hospital's Charity Care Policy or Discounted Care Policy shall not be used for collection activities. This paragraph does not prohibit the use of information obtained by St. Rose Hospital, its collection agencies, and assignee independently of the eligibility process for determining eligibility under the Charity Care Policy or the Discounted Care Policy.
- B. **Debt Assignment:** St. Rose Hospital will pursue payment for debts owed for health care services provided by St. Rose Hospital; including designating unpaid amounts as bad debt and assigning such amounts to collection, according to St. Rose Hospital policies and procedures as summarized in this policy.
- C. **Assignment to Collection:** No patient debt shall be advanced/assigned to collection until the Director of Patient Financial Services or designee has reviewed the account and approved the advancement of the account to collection.
- i. If a patient is attempting to qualify for eligibility under St. Rose Hospital's Charity Care Policy or Discounted Care Policy and/or is attempting to settle an outstanding bill with St. Rose Hospital by negotiating a reasonable payment plan or making regular payments of a reasonable amount, St. Rose Hospital shall not send the unpaid bill to collection or a collection agency.
 - ii. Patients can be offered an extended payment plan. Any extended payment plans shall be interest free. St. Rose Hospital will offer a reasonable payment plan. A "reasonable payment plan" shall mean an extended payment plan to allow the payment of the discounted price over time. St. Rose Hospital and the patient shall negotiate the terms of the payment plan and take into consideration the patient's Family Income and essential living expenses. St. Rose Hospital may consider the availability of a health savings account held by the patient or the Patient Family. If St. Rose Hospital and the patient cannot agree on the terms of an extended payment plan, St. Rose Hospital shall use the following formula, as described in Health & Safety Code § 127400(i) to create a reasonable payment plan.

- a. "Reasonable payment plan" means 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.
- iii. Before assigning any patient debt or bill to collections, St. Rose Hospital shall send the patient a notice with all of the following information:
 - a. The date or dates of service of the bill that is being assigned to collection;
 - b. The name of the entity that the bill is being assigned to;
 - c. A statement informing the patient of how to obtain an itemized hospital bill from St. Rose Hospital;
 - d. The name and health plan coverage type for the patient on record with St. Rose Hospital at the time of services or a statement that St. Rose Hospital does not have that information;
 - e. An application for financial assistance, including Charity Care and Discounted Care, offered by St. Rose Hospital; and
 - f. The date or dates that the patient was originally sent a notice about applying for financial assistance, the date or dates that the patient was sent a financial assistance application and, if applicable, the date a decision on the application was made.
- D. **Use of Collection Agencies**: St. Rose Hospital shall obtain an agreement from each collection agency that it utilizes to collect patient debt consistent with the requirements of this policy, federal law, and state law.
- E. **No Reporting to Consumer Credit Reporting Agency**: St. Rose Hospital and its collection agencies, any debt buyer, or other assignee shall not report any patient debt to a consumer credit reporting agency.
- F. **Collection Methods**
 - i. St. Rose Hospital shall not initiate a legal or judicial process or sell a patient's debt to another party before St. Rose Hospital has made

reasonable efforts to determine whether the patient is eligible for Charity Care or Discounted Care.

- ii. If a patient is attempting to qualify for eligibility under St. Rose Hospital's Charity Care Policy or Discounted Care Policy and is attempting in good faith to settle an outstanding bill with St. Rose Hospital by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, St. Rose Hospital shall not send the unpaid bill to any collection agency, debt buyer, or other assignee, unless that entity has agreed to comply with this policy and applicable law including, without limitation, the State of California's Hospital Fair Pricing Policies (Health & Safety Code §§ 127400 to 127446).
- iii. In no case shall St. Rose Hospital or any collection agency utilized by St. Rose Hospital commence civil action against the patient for non-payment prior to 180 days after the initial billing or if the patient is a Self-Pay Patient or the patient provides information that they may qualify for Charity Care or Discounted Care. The 180-day period shall be extended if the patient has a pending appeal to their health plan for coverage of services and the patient makes a reasonable effort to keep St. Rose Hospital informed of the progress of any appeals.
- iv. St. Rose Hospital or other assignee that is an affiliate or subsidiary of St. Rose Hospital shall not, in dealing with patients eligible under St. Rose Hospital's Charity Care Policy and Discounted Care Policy, use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.
- v. A collection agency, debt buyer, or other assignee that is not a subsidiary or affiliate of St. Rose Hospital shall not, in dealing with any patient under the St. Rose Hospital's Charity Care or Discounted Care Policy, use as a means of collecting unpaid hospital bills, any of the following:
 - a. A wage garnishment, except by order of the court upon noticed motion, supported by a declaration filed by the movant identifying the basis for which it believes that the patient has the ability to make payments on the judgment under the wage garnishment, which the court shall consider in light of the size of the judgment and additional information provided by the patient prior to, or at, the hearing concerning the patient's ability to pay, including information about probable future medical expenses based on the current condition of the patient and other obligations of the patient.

- b. Notice or conduct a sale of the patient's primary residence during the life of the patient or the patient's spouse, or during the period a child of the patient is a minor, or a child of the patient who has attained the age of majority is unable to take care of themselves and resides in the dwelling as their primary residence. In the event a person protected by this paragraph owns more than one dwelling, the primary residence shall be the dwelling that is the patient's current homestead, as defined in [Section 704.710 of the Code of Civil Procedure](#), or was the patient's homestead at the time of the death of a person other than the patient who is asserting the protections of this paragraph.
- vi. The requirements subsections (iv) or (v) do not preclude St. Rose Hospital, collection agency, debt buyer, or other assignee from pursuing reimbursement and any enforcement remedy or remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.

Selling Patient Debt

- A. **Consideration for Sale**: No patient debt shall be considered for sale until the Director of Patient Financial Services or designee has reviewed the account and approved the consideration of the debt for sale. If a patient is attempting to qualify for eligibility under St. Rose Hospital's Charity Care Policy or Discounted Care Policy and/or is attempting to settle an outstanding bill with St. Rose Hospital by negotiating a reasonable payment plan or making regular payments of a reasonable amount, St. Rose Hospital shall not sell the patient debt.
- B. **Conditions to Sale**: St. Rose Hospital shall not sell patient debt to a debt buyer, as defined in Section 1788.50 of the Civil Code, unless all of the following apply:
 - i. St. Rose Hospital has found the patient ineligible for financial assistance or the patient has not responded to any attempts to bill or offer financial assistance for 180 days;
 - ii. The sales agreement with the debt buyer includes language under which the debt buyer agrees to return, and St. Rose Hospital agrees to accept, any account in which the balance has been determined to be incorrect due to the availability of a third-party payer, including a health plan or government health coverage program, or the patient is eligible for charity care or financial assistance;
 - iii. The debt buyer agrees to not resell or otherwise transfer the patient

debt, except to St. Rose Hospital or a tax-exempt organization described in Health & Safety Code § 127444, or if the debt buyer is sold or merged with another entity;

- iv. The debt buyer agrees not to charge interest or fees on the patient debt; and
- v. The debt buyer is licensed as a debt collector by the Department of Financial Protection and Innovation.

c. **Actions Taken Before Sale:** Before selling any patient debt or bill to a debt buyer, St. Rose Hospital shall send the patient a notice with all of the following information:

- i. The date or dates of service of the bill that is being sold;
- ii. The name of the entity that the bill is being sold to;
- iii. A statement informing the patient how to obtain an itemized hospital bill from St. Rose Hospital;
- iv. The name and plan type of health coverage for the patient on record with St. Rose Hospital at the time of services or a statement that St. Rose Hospital does not have that information;
- v. An application for St. Rose Hospital's Charity Care and Discounted Care programs; and
- vi. 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.

APPROVALS

Step Description	Approver	Date
Governing Board	Patricia Madueno: Executive Assistant	1/2025
Executive Committee	Mario Harding: Chief Administrative Officer [PM]	1/2025
Legal/Compliance Executive Committee	Michael Sarrao: General Counsel Renee Frey: Patient Financial Services Director	1/2025 1/2025