



Billing and Collections

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I. PURPOSE

To ensure Community Medical Centers (CMC) billing and collections activities are conducted in a manner that complies with all applicable laws.

II. DEFINITIONS

A. **Extraordinary Collection Action(s)**: An Extraordinary Collection Action means any of the following:

1. Reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus.
2. Deferring or denying, or requiring a payment before providing medically necessary care because of an individual's nonpayment of one or more bills for previously provided care covered under CMC's Financial Assistance Policy.
3. Actions that require a legal or judicial process, including but not limited to:
 - a. Placing a lien on an individual's property;
 - b. Foreclosing on an individual's real property;
 - c. Attaching or seizing an individual's bank account or any other personal property;
 - d. Commencing a civil action against an individual (except as noted in Section L, herein);
 - e. Causing an individual's arrest;
 - f. Causing an individual to be subject to a writ of body attachment; and
 - g. Garnishing an individual's wages.
4. Selling an individual's debt to another party.

B. **Patient**: A Patient includes an individual who received services at CMC.

C. **Financial Assistance Policy**: The Financial Assistance Policy is the CMC policy on Financial Assistance, which describes the types of Financial Assistance available as well as the process by which patient's must apply for Financial Assistance.

D. **Financial Assistance**: The term Financial Assistance refers to Full Charity Care, Partial Charity Care, High Medical Cost Charity Care, and Special Circumstances Charity Care.

E. **Primary Language of CMC's Service Area**: A Primary Language of CMC's Service Area is a language used by the lesser of 1,000 people or 5% of the community served by CMC or the population likely to be affected or encountered by CMC. CMC may determine the percentage or number of limited English proficiency individuals in the CMC's community or likely to be affected or encountered by CMC using any reasonable method.

F. **Uninsured Patient**: An Uninsured Patient is a patient who has no source of payment for any portion of their medical expenses, including without limitation, commercial or other insurance, government sponsored healthcare benefit programs or third party liability, or whose benefits under insurance have been exhausted prior to the admission.

G. **Insured Patient**: An Insured Patient is a patient who has a third-party source of payment for a portion of their medical expenses.

- H. **Patient Responsibility Amount:** The amount that an Insured Patient is responsible to pay out-of-pocket after the patient's third-party coverage has determined the amount of the patient's benefits.
- I. **Collection Agency:** A Collection Agency is any entity engaged by CMC to pursue or collect payment from Patients.
- J. **Billed Charges:** Billed Charges are the undiscounted amounts that CMC customarily bills for items and services.

III. POLICY

- A. CMC will bill patients and third party payers accurately, timely, and in accordance with all applicable laws and regulations, including without limitation, California Health and Safety Code section 127400 et. seq. and regulations issued by the United States Department of Treasury under section 501(r) of the Internal Revenue Code.
- B. This policy applies to all CMC facilities, and all collection agencies working on behalf of CMC.
- C. Unless otherwise specified, this policy does not apply to physicians or other medical providers, including emergency room physicians, anesthesiologists, radiologists, hospitalists, pathologists, etc., whose services are not included in CMC's bill. This policy does not create an obligation for CMC to pay for such physicians' or other medical providers' services. In California, an emergency physician who provides emergency services in a hospital is required to provide discounts to uninsured patients or patients with high medical costs who are at or below 350% of the Federal Poverty Level ("FPL").

IV. PROCEDURE

A. Obtaining Coverage Information

- 1. CMC shall make reasonable efforts to obtain information from Patients about whether private or government sponsored insurance or sponsorship may fully or partially cover the services rendered by CMC to the patient.

B. Billing Third Parties

- 1. CMC shall diligently pursue all amounts due from third-party payers, including but not limited to contracted and non-contracted payers, indemnity payers, liability and auto insurers, and government program payers that may be financially responsible for a Patient's care. CMC will bill all applicable third-party payers based on information provided by or verified by the Patient or their representative in a timely manner.

C. Billing Insured Patients

- 1. CMC 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.

D. Billing Uninsured Patients

- 1. CMC shall promptly bill Uninsured Patients for items and services provided by CMC using CMC's Billed Charges.

E. Financial Assistance Information

- 1. All bills to Patients shall include the Notice of Rights that is attached as Exhibit A to this Policy, which includes a summary of Financial Assistance that is available to eligible Patients.

F. Itemized Statement

- 1. All patients may request an itemized statement for their account at any time.

G. Disputes

- 1. Any patient may dispute an item or charge on their bill. Patients may initiate a dispute in writing or over the phone with a Patient Financial Services representative. If a patient requests documentation regarding the bill, staff members will use reasonable efforts to provide the requested documentation with ten (10) days. CMC will hold the account for at least thirty (30) days after the patient initiates the dispute before engaging in further collection activities.

H. Collection Practices

1. General Collection Practices: Subject to this Policy, CMC may employ reasonable collection efforts to obtain payment from Patients. General collection activities may include issuing patient statements, phone calls, and referral of statements have been sent to the patient or guarantor. CMC must develop procedures to ensure that patient questions and complaints about bills are researched and corrected where appropriate, with timely follow up with patient.
2. Prohibition on Extraordinary Collection Action: CMC and Collection Agencies shall not employ Extraordinary Collection Action to attempt to collect from a Patient.
3. No Collection During Financial Assistance Application Process: CMC and Collection Agencies shall not pursue collection from a Patient who has submitted an application for Financial Assistance, and shall return any amount received from the Patient before or during the time the patient's application is pending.
4. Prohibition on use of Information from Financial Assistance Application: CMC and Collection Agencies may not use in collection activities any information obtained from a Patient during the application process for Financial Assistance. Nothing in this section prohibits the use of information obtained by CMC or Collection Agency independently of the eligible process for Financial Assistance.

I. Payment Plans

1. Eligible Patients: CMC and any Collection Agency acting on their behalf shall offer Uninsured Patients and any Patient who qualifies for Financial Assistance the option to enter into an agreement to pay their Patient Responsibility (for Insured Patients) and any other amounts due over time. CMC may also enter into payment plans for Insured 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. Patients shall have the opportunity to negotiate the terms of the payment plan. If CMC and Patient are unable to agree on the terms of the payment plan, CMC shall extend a payment plan option under which the Patient may make a monthly payment of not more than ten percent (10%) of the Patient's monthly family income after excluding essential living expenses. "Essential Living Expenses" means 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.
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 extended payment plan no longer operative, CMC or 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. Prior to the extended payment plan being declared inoperative, CMC or Collection Agency shall attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient. For purposes of this section, the notice and phone call to the patient may be made to the last known phone number and address of the patient. After a payment plan is declared inoperative, CMC or Collection Agency may commence collection activities in a manner consistent with this policy.

J. Collection Agencies

1. CMC may refer patient accounts to a Collection Agency subject to the following conditions:
 - a. The Collection Agency must have a written agreement with CMC;
 - b. CMC's written agreement with the Collection Agency must provide that the Collection Agency's performance of its functions shall adhere to CMC's mission, vision, core values, the terms of the Financial Assistance Policy, this Billing and Collections Policy, and the Hospital Fair Pricing Act, Health and Safety Code sections 127400 through 127446;
 - c. The Collection Agency must agree that it will not engage in any Extraordinary Collection Actions to collect a patient debt except as noted in Section L, below;
 - d. CMC must maintain ownership of the debt and the debt may not be sold to the Collection Agency;
 - e. The Collection Agency must have processes in place to identify patients who may qualify for Financial Assistance, communicate the availability and details of the Financial Assistance Policy to these patients, and refer patients who are seeking Financial Assistance back to the CMC's Admitting Department at (559) 459-2998 or at www.communitymedical.org. The Collection Agency shall not seek any payment from Patient who has submitted an application for Financial Assistance, and shall return any amount received from the Patient before or during the time the patient's application is pending.

K. Advancing Accounts for Collection

1. A bill will be advanced for collection if not paid within 150 days of the initial bill, at the discretion of the director of Patient Financial Services. A lack of payment, failure to apply for available programs, and failure to contact CMC will be factors considered in advancing an account to collections.
2. All third-party payers must have been properly billed, payment from a third-party payer must no longer be pending, and the remaining debt must be the financial responsibility of the patient. A Collection Agency shall not bill a patient for any amount that a third-party payer is obligated to pay.
3. The Collection Agency must send every patient a copy of the [Financial Assistance Notice of Rights](#).
4. At least 150 days must have passed since the Hospital sent the initial bill to the Patient on the account.
5. The Patient is not negotiating a payment plan or making regular partial payments of a reasonable amount.
6. Third Party Liability: Nothing in this policy precludes CMC or its affiliates or outside collection agencies from pursuing third party liability.

L. The facility and any collection agencies will make reasonable efforts to notify the patient prior to engaging in any extraordinary collection actions.

1. In those cases where the collection agency has an indication that the patient or guarantor has the ability to pay for the medical services received but is refusing to do so, the agency may be permitted to take legal action to collect the unpaid balance.
2. When the agency has determined that legal action is appropriate and criteria for extraordinary collection actions have been met, the agency must forward a written request to the facility's Vice President of Patient Financial Services for approval prior to taking any legal action.
3. The request must include all the particulars of the encounter including a copy of the agency's documentation that led them to believe that the patient or guarantor has the ability to pay for the services.
4. One additional phone call will be placed by Patient Financial Services to inform the guarantor of our Financial Assistance program and their ability to apply to same.
5. The Vice President of Patient Financial Services (PFS) must approve each individual legal action in writing and facility must maintain a permanent copy of the signed authorization for legal action.
6. In no case will the agency be allowed to file a legal action as a last resort to motivate a patient to pay when the agency has no information as to the patient's or guarantor's financial means.

V. REFERENCES

26 Code of Federal Regulations 1.501(r)

California Health and Safety Code sections 124700-127446

References

Reference Type	Title	Notes
Documents referenced by this document		
Referenced Documents	Financial Assistance Notice of Rights	
Referenced Documents	Financial Assistance Notice of Rights	

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at

<https://www.lucidoc.com/cgi/doc-gw.pl?ref=communitymc:24828>.