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**I. PURPOSE:**

The purpose of the Policy is to comply with and provide information 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 the policies and practices of Stanford Health Care (SHC).

**II. POLICY:**

In the interest of promoting financial stability and conserving resources for indigent care, it is the policy of SHC to provide clear and consistent guidelines for conducting billing and collection functions at in a manner that will ensure that debts owed by guarantors for medical services provided by SHC are collected in a manner that promotes compliance with the law, patient satisfaction, and efficiency.

**III. DEFINITIONS:**

A. **Extraordinary Collection Action (ECA):** Under Internal Revenue Code 501(r), an Extraordinary Collection Action is an action that a hospital may take against an individual in order to obtain payment for a bill for healthcare services provided to the individual and that are covered by SHC’s Financial Assistance Charity Care Policy. 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 Charity Care 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 Charity Care 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;
8. Causing and 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:** Assistance provided to patients for whom it would be a financial hardship to fully pay the expected out-of-pocket expenses for Medically Necessary Services (as defined in SHC’s Financial Assistance Charity Care Policy) provided by SHC and who meet the eligibility criteria for such assistance.

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Financial Assistance is Charity Care, which is further defined in SHC’s Financial Assistance Charity Care Policy.

- C. **Financial Assistance Policy (FAP)** – A separate policy that describes SHC’s financial assistance program – including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance. SHC’s Financial Assistance Charity Care Policy can be obtained free of charge in the SHC emergency department and admissions areas, by contacting the Customer Service Billing department (see Appendix A for contact information).
- D. **Guarantor:** For the purposes of this Policy, the individual who is financially responsible for payment of an account balance. The guarantor may or may not be the patient.

**IV. PROCEDURE:**

- A. SHC will pursue payment for debts owed for health care services provided by SHC, including designating unpaid amounts as bad debt and assigning such amounts to collection, according to SHC policy and procedures as summarized in this policy. Collections actions 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 bad debt.
- B. SHC does not currently engage in any ECAs as defined above in Section III.A.
- C. All patient account balances meeting one or more of the following criteria are eligible for placement with a collection agency:
  - 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 Charity Care Policy.
  - 3. SHC has made reasonable efforts to mail 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 collection agency. All billing statements include a notice about the SHC Financial Assistance Charity Care Policy.
  - 4. Account with a “Return Mail” status is eligible for collection assignment after all good faith efforts to identify a correct address have been documented and exhausted.

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- D. If a patient currently has accounts with unresolved bad debt balances, SHC reserves the right to send other open accounts with patient balances to collections earlier.
- E. SHC will suspend any and all collection actions if a completed Financial Assistance Application, including all required supporting documentation is received.
- F. If SHC determines that a patient qualifies for assistance under the Financial Assistance Charity Care 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.
- G. As stated in SHC’s Financial Assistance Charity Care Policy, a patient may qualify for an extended interest free payment plan for any patient out-of-pocket fees. The payment plan shall consider the patient's income and the amount owed.
- H. If a Guarantor disagrees with the account balance, the Guarantor may request the account balance be researched and verified prior to account assignment to a collection agency.
- I. Accounts at a collection agency 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 collection agency.

**V. COMPLIANCE:**

- A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at 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 hospital policy. Violations will be investigated to determine the nature, extent, and potential risk to the hospital. Workforce members who violate this policy will be subject to the appropriate disciplinary action up to and including termination.

**VI. RELATED DOCUMENTS / PROCEDURES:**

- A. SHC Financial Assistance Charity Care Policy

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**VII. APPENDIX:**

1. Appendix A: Contact Information

**VIII. 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.
- B. Original Document:
  1. Owner: David Haray
  2. Author, date: January 2007, S. DiBoise, Chief Hospital Counsel and E. Leigh, Office of General Counsel
  3. Stored in: Administrative Manual Coordinators and Editors
- C. Review and Renewal Requirements:
  1. This policy will be reviewed and/or revised every three years or as required by change of law or practice.
- D. 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
- E. 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. 2020, Operational Leadership Team Committee, Policy Steering Committee (New), SHC Hospital Board Credentials, Policies and Procedures Committee

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## **Appendix A: Contact Information**

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