

This policy applies to: <input checked="" type="checkbox"/> <i>Stanford Health Care</i>	Last Approval Date:
Name of Policy: DEBT COLLECTION POLICY	<p style="text-align: center;">Page 1 of 5</p>
Departments Affected: All Departments	

I. PURPOSE

The purpose of the Policy is to provide information with respect to 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, SHC will ensure that debts owed by Guarantors for medical services provided by SHC are collected in a timely manner and in compliance with the law.

III. DEFINITIONS

A. Extraordinary Collection Action (ECA)

1. Placing a lien on an individual's property
2. Foreclosing on real property
3. Attaching or seizing an individual's bank account or other personal property
4. Commencing a civil action against an individual or writ of body attachment for civil contempt
5. Causing and individual's arrest
6. Garnishing wages
7. Reporting adverse information to a credit agency
8. Deferring or denying medically necessary care because of nonpayment of a bill for previously provided care under SHC's Financial Assistance and Charity Care Policy
9. Requiring a payment before providing medically necessary care because of outstanding bills for previously provided care
10. May include sale of debt to a third party

B. Financial Assistance

This policy applies to: <input checked="" type="checkbox"/> <i>Stanford Health Care</i>	Last Approval Date:
Name of Policy: DEBT COLLECTION POLICY	Page 2 of 5
Departments Affected: All Departments	

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 provided by SHC and who meet the eligibility criteria for such assistance. Under this Policy, Financial Assistance is either Charity Care or Financial Hardship Discount. SHC's Financial Assistance and Charity Care Policy can be obtained by contacting Patient Financial Services.

C. Guarantor

For the purposes of this Policy, the individual who is financially responsible party for payment of an account balance, and who may or may not be the patient.

IV. PROCEDURES

- A. SHC will pursue payment for debts owed for health care services provided by SHC according to SHC policy and procedures. The procedures for assignment to collections/bad debt will be applicable to all SHC Guarantors.
- B. SHC will comply with relevant federal and state laws and regulations in the assignment of bad debt.
- C. All patient account balances that meet the following criteria are eligible for placement with a collection agency:
 - 1. SHC has made attempts to collect payment using reasonable collection efforts, such as statements or telephone calls. SHC will attempt to mail 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.
 - 2. Accounts with a "Returned Mail" status are eligible for collections assignment after all good faith efforts have been documented and exhausted.

This policy applies to: <input checked="" type="checkbox"/> <i>Stanford Health Care</i>	Last Approval Date:
Name of Policy: DEBT COLLECTION POLICY	<p style="text-align: center;">Page 3 of 5</p>
Departments Affected: All Departments	

3. If a patient currently has other accounts that are open or unresolved bad debt balances, SHC reserves the right to send accounts to collections earlier.
4. SHC will suspend any and all collection actions if a completed Financial Assistance Application, including all requisite supporting documentation, is received.

- D. If SHC determines that a patient qualifies for Financial Assistance/Charity Care, or a Financial Hardship Discount, and the Guarantor has paid SHC more than the amount that should be due from a qualified patient, SHC shall refund the amount actually paid to SHC in excess of the amount due including interest at the rate provided in the Code of Civil Procedure Section 685.010 (currently set at 10 percent annually) 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.
- E. As stated in SHC’s Financial Assistance/Charity Care Policy, a patient who qualifies for a Financial Hardship Discount, may negotiate an extended interest free payment plan for any patient out-of-pocket fees. The payment plan shall take into account the patient's income, essential living expenses, assets, the amount owed, and any prior payments.
- F. 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.
- G. 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.
- H. SHC does not currently engage in any extraordinary collection actions (ECAs) as defined above.

V. COMPLIANCE

- A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or

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Name of Policy: DEBT COLLECTION POLICY	<p style="text-align: center;">Page 4 of 5</p>
Departments Affected: All Departments	

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. DOCUMENT INFORMATION

- A. Legal Authority/References
 - 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. Author/Original Date
January 2007, S. DiBoise, Chief Hospital Counsel and E. Leigh, Office of General Counsel
- C. Gatekeeper of Original Document
Administrative Manual Coordinators and Editors
- D. Distribution and Training Requirements
 - 1. This policy resides in the Administrative Manual of Stanford Health Care.
 - 2. New documents or any revised documents will be distributed to Administrative Manual holders. The department/unit/clinic manager will be responsible for communicating this information to the applicable staff.
- E. Review and Renewal Requirements
This policy will be reviewed and/or revised every three years or as required by change of law or practice.
- F. Review and Revision History
January 2010, Erin Leigh Esq., Office of General Counsel
March 2011, Sarah DiBoise, Chief Hospital Counsel
May 2015, Andrea M. Fish, Office of General Counsel
- G. Approvals
January 2007, S. DiBoise, Chief Hospital Counsel
February 2007, SHC Core Oversight Group

This policy applies to: <input checked="" type="checkbox"/> <i>Stanford Health Care</i>	Last Approval Date:
Name of Policy: DEBT COLLECTION POLICY	<p style="text-align: center;">Page 5 of 5</p>
Departments Affected: All Departments	

April 2010, SHC Operations Group
May 2011, SHC Operations Group
April 2014, SHC Operations Group
[Requires Board Approval in 2015]

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