

TORRANCE MEMORIAL

A CEDARS-SINAI AFFILIATE

Manual/Depart: Administration

Policy/Procedure Name: Debt Collections Policy –
Admin – TMMC

Effective Date: January 1, 2024

IMPORTANT NOTICE:

The official version of this document is contained in the ConvergePoint system and may have been revised since the document was printed.

****For Policy History please refer to the ConvergePoint system****

I. Purpose

- a. Torrance Memorial Medical Center (“TMMC”) provides compassionate care to patients when they need hospital services. All patients or their guarantors have a financial responsibility related to services received at TMMC, and must make arrangements for payment, either before or after services are rendered. Such arrangements may include payment by an insurance plan, including programs offered through the Federal and California government. Payment arrangements may also be made directly with the patient, subject to the payment terms and conditions of TMMC. TMMC is committed to ensuring that conversations about financial obligations do not reasonably impact the scheduling of care.
- b. This Policy sets out the guidelines and procedures for establishing fair, reasonable, and consistent means for collection of patient accounts owed to TMMC and ensures TMMC and any collection agency that TMMC partners with, treat all patients, their families, and other contacts with fairness, dignity, compassion, and respect. Additionally, this Policy ensures that TMMC and its assigned collection agencies comply with all applicable Federal and California law, organizational policies and procedures, and industry best practices including, without limitation, the following laws and their implementing regulators:
 - i. 26 U.S.C. Section 501(r) et. seq. Additional Requirements for Certain Hospitals.
 - ii. 15 U.S.C. Section 1692 et seq. Debt Collection Practices.
 - iii. California Civil Code section 1788 et seq. Fair Debt Collection Practices.
 - iv. California Health & Safety Code section 1339.50 et seq. Payers’ Bill of Rights.
 - v. California Health & Safety Code section 127400 et se. Hospital Fair Pricing Policies.
 - vi. The American Hospital Association Patient Billing Guidelines Affirmation.

II. Policy

a. General Practices

- i. If a patient account is payable by insurance, then the initial bill will be forwarded directly to the designated insurer to obtain any or all amounts owed by the insurer.
- ii. Patient balances, after insurance payments, will be billed directly to the patient.
- iii. TMMC and the patient share responsibility for timely and accurate resolution of all patient accounts. Patient cooperation and communication is essential to this process. TMMC shall make reasonable and consistent efforts to assist patients with the fulfillment of their financial responsibilities.

- iv. Payment Plans may be arranged with TMMC, on a case-by-case basis. Payment Plans may be established in connection with the granting of financial assistance under TMMC's Financial Assistance Policy or as part of a debt payment arrangement between TMMC and a patient.
 - 1. Payment Plans shall generally have a term no longer than 12-months and are free of interest charges and set-up fees.
 - 2. It is the patient or guarantor's responsibility to contact TMMC if circumstances change, and Payment Plan terms cannot be met.
 - 3. Once approved, any failure to pay in accordance with the Payment Plan terms will constitute a default, and TMMC may cancel the Payment Plan and begin collection activities only after the patient's failure to make payments in the amount due over any continuous 90-day period, in accordance with Federal and California law.
 - a. Prior to canceling a Payment Plan, TMMC shall make a reasonable attempt to notify the patient both orally and in writing that the Payment Plan may be cancelled, and there may be an opportunity to renegotiate the plan terms upon the patient's request.
 - b. TMMC shall attempt to renegotiate the terms of the defaulted Payment Plan, if requested by the patient.
 - c. Upon any cancellation of a Payment Plan, the patient's financial responsibility shall not exceed the discounted principal amount agreed upon under the Payment Plan, and the patient shall receive credit for any payments previously made under the extended Payment Plan.
- v. TMMC provides the following information and special assistance to all patients:
 - 1. The Plain Language Summary of the Financial Assistance Policy.
 - 2. A Financial Assistance Application ("FAP Application") and/or an application to Medi-Cal or other appropriate government assistance program to uninsured patients, receiving non-emergency services, upon admission or prior to discharge, or in some circumstances, within 72-hours of providing services.
 - 3. Assistance in applying for its financial assistance or government assistance, at no cost to the patient.
 - 4. A written bill for services rendered by TMMC.
 - 5. A summary statement, upon request, with the expected payment by insurance, if applicable, and any or all amounts due and payable by the patient.
 - 6. A written request that the patient provide information on their health insurance coverage, if not already provided.

b. Required Approvals for Extraordinary Collection Actions

TMMC complies with Federal and California legal and regulatory requirements related to debt collection practices. TMMC shall not initiate an Extraordinary Collection Action except in accordance with this Policy, and applicable law. TMMC and any collection agency TMMC partners with:

- i. Are never permitted to engage in the following ECAs:
 1. Sell patient debt.
 2. Garnish an individual's wages.
 3. Foreclose on real property.
 4. Attach or seize an individual's bank account of other personal property.
 5. Cause an individual's arrest or writ of body attachment.
 6. Provide notice or conduct a sale of the patient's primary residence.
 7. Require payment before providing medically necessary care due to outstanding bills for prior care.
 8. Defer or deny medically necessary care because of non-payment of a bill for previously provided care covered under the Financial Assistance Policy.
- ii. Shall wait 180-days from the date of the first post-discharge billing statement prior to reporting any adverse information about the individual to consumer credit reporting agencies in accordance with applicable law. This action is never permitted for low-income uninsured individuals.
- iii. Shall receive approval from the Chief Financial Officer or their designee, as approved by the Chief Financial Officer and President, prior to initiating any other collection activity.
- iv. Shall not use information obtained by TMMC in connection with a patient's FAP Application for financial assistance for collection activities.

c. Suspending Collection Actions

- i. **Pending FAP Application.** If a patient has properly submitted an approved FAP Application, then TMMC shall immediately suspend assignment of an account to a collection agency, or any initiated ECA until the application process is complete, or 30 days, whichever time period is longer.
- ii. **Pending government-sponsored coverage.** For patients who have an application pending for government-sponsored coverage or programs, TMMC shall not knowingly assign the account to a collection agency prior to 240 days from the date of initial billing, post-discharge.
- iii. **Cooperation to settle outstanding bill.** TMMC shall not knowingly assign an account to a collection agency for patient portions that qualify for financial assistance, or if the patient has negotiated a Payment Plan and is reasonably cooperating to settle an outstanding bill. Collection activities will resume in accordance with applicable laws and regulations if the patient/guarantor becomes delinquent in fulfilling the Payment Plan.

- iv. **Pending notice of Hospital Bill Complaint Program.** All payment collection activities by TMMC's collection agencies shall stop upon receipt of notice that a patient has submitted a complaint to the Department of Health Care Access and Information's ("HCAI") Hospital Bill Complaint Program. Collection agency activities will not resume until the complaint has been resolved, as confirmed by HCAI.

- d. **Reasonable Steps to Determine Eligibility for Financial Assistance.** Prior to assigning an account to a collection agency or initiating any ECA, TMMC shall have taken the following steps to determine a patient's financial assistance eligibility, as applicable:
 - i. **Reasonable Efforts Based on Notifications, Screenings and Amounts Not Eligible.**
 - 1. TMMC shall notify patients of its financial assistance program before assigning an account to a collection agency or initiating any ECA to obtain payment for the care.
 - 2. If the patient has not submitted a FAP Application, or is determined ineligible for financial assistance, then ECAs may be initiated only as permitted by applicable law and in accordance with this Policy.
 - 3. TMMC shall not assign any patient account to a collection agency unless TMMC has first performed to the best of its ability, with reasonable effort, a patient profile/screen, and determined to its satisfaction that the patient:
 - a. Does not qualify for alternative payor sources;
 - b. Is not agreeable to applying for government insurance or programs; and
 - c. Is not agreeable to Payment Plan/extended Payment Plan or is no longer cooperating with a negotiated Payment Plan.
 - ii. **Presumptive Eligibility.** TMMC may determine that the patient is eligible for financial assistance based on a presumptive eligibility process. Additional information regarding presumptive eligibility is found in the Financial Assistance Policy.
 - iii. **Final Notice and Notifications to Patients 30 Days Before Actions.**
 - 1. In compliance with Federal law, at least 30-days before assigning an account to a collection agency or initiating any ECAs, TMMC shall:
 - a. Provide the Plain Language Summary.
 - b. Identify the ECAs that TMMC intends to initiate and state a deadline after which they may be initiated, which can be no earlier than 30 days after the date that the written notice is provided.
 - c. Prior to initiating any ECAs, TMMC shall make a reasonable effort to orally notify the patient about the financial assistance program and how the patient may obtain assistance with the FAP Application.
 - 2. In compliance with California law, before TMMC assigns a bill to collections, TMMC shall send the patient a final notice with the following information:
 - a. The name of the entity to which the bill is being assigned.

- b. Date(s) of service of the bill that is being assigned.
 - c. Name and plan type of the health coverage for the patient.
 - d. Date(s) associated with financial assistance notices, applications, and/or decisions.
 - e. A FAP Application for financial assistance.
 - f. Information on how to obtain an itemized bill.
- iv. **Notification Before Actions in the Event of Multiple Episodes of Care.** TMMC may satisfy the notification requirements described above for multiple episodes of care in a notice that covers multiple billing statements. However, if aggregated, TMMC must refrain from assigning debt to a collection agency or initiating an ECA until 120 days after it provided the first post-discharge billing statement for the most recent episode of care, included in the aggregation.
- e. **Assignment of Patient Accounts to Collection Agencies**
- i. When TMMC assigns an account to a collection agency, the amount that will be assigned for collection will be the amount remaining after any and all prior discount arrangements or waivers have been applied to the account balance.
 - ii. Account balances meeting certain thresholds are reviewed by the Director, Revenue Cycle or their designee at TMMC before being sent to a collection agency. Additionally, TMMC has established minimum thresholds and criteria for assigning accounts to a collection agency.
 - iii. If a collection agency determines that a patient account qualifies for an alternative source of payment or determines that the patient does not have sufficient assets, then the collection agency shall return the account to TMMC with an explanation of the determination and the supporting data. TMMC will attempt to collect from the alternate source and/or work to qualify the patient for financial assistance.
 - iv. If a patient asks a collection agency whether TMMC offers a discount from its billed amount based on a patient's status as a private pay (no third-party coverage), then the collection agency will promptly validate for the patient the discount applied to all private pay patients and, if appropriate, notify the patient of TMMC's financial assistance program. If the patient desires to negotiate an additional discount above the discount provided, then the agency may notify TMMC for authority to adjust the account as appropriate.
 - v. Prior to filing any legal action against a patient, the collection agency shall ensure all legal and regulatory requirements related to fair debt collection practices are met and have confirmed multiple attempts were made to reach and negotiate with the patient. The collection agency shall also:
 - 1. Perform an analysis of the patient's assets and income to determine whether the patient has assets and income sufficient to justify filing the legal action; and
 - 2. Have TMMC review the analysis and receive approval from the Chief Financial Officer or their designee before the filing of any legal action against the patient.

- f. **No Assignment or Subcontracting.** Collection agencies may not assign or subcontract the collection of any account without:
 - i. The prior written consent of the Chief Financial Officer or their designee; and
 - ii. A written agreement by the assignee or subcontractor to comply with this Policy and Federal and California requirements.

- g. **General Requirements Prior to Collection Agency Action**
 - i. **Consistency in Billing Statements.** At the time of billing, TMMC shall provide to all low- income uninsured patients the same information concerning services received and amounts billed related to those services as it provides to all other patients who receive care at TMMC. The term “low-income uninsured patient” is a patient eligible for assistance under the Financial Assistance Policy.
 - ii. **Notice of Financial Assistance Availability.** In its collection letters and statements to all patients, TMMC shall include language to inform patients if they meet certain income requirements, then they may be eligible for government-sponsored payor programs or financial assistance from TMMC. Patient bills shall also include the name/title or department and telephone number to contact for additional information.

- h. **Relationships with Collection Agencies**
 - i. **Compliance with Law, Policies and Standards.**
 - 1. Collection agencies contracted with TMMC must attest to, and always comply with Federal and California laws applicable to the collection of consumer and patient debts.
 - 2. Collection agencies are required to treat patients, their families, and other contacts with fairness, dignity, compassion, and respect.
 - 3. Collection agencies must review and comply with TMMC’s policies and standards, including, without limitation, the Payment Plan provisions of this Policy and the Financial Assistance Policy.
 - ii. **Standards for Contracting with Collection Agencies.** TMMC shall not engage any collection agency to collect patient accounts unless:
 - 1. The arrangement is set forth in a written agreement signed by the collection agency and the Chief Financial Officer; and
 - 2. The written agreement attaches this Policy, or includes language that matches this Policy, as an exhibit and requires the collection agency to comply.

- i. **Recordkeeping**
 - i. TMMC shall maintain adequate documentation to ensure compliance with the requirements of this Policy.
 - ii. TMMC shall submit this Policy to the California Department of Health Care Access and Information (“HCAI”) as required by applicable law.
 - iii. Each Collection Agency that contracts with TMMC is required to maintain adequate

documentation to show compliance with the requirements of Federal and California consumer debt collection laws and all other requirements based on the most current version of this Policy and the Financial Assistance Policy.

III. Definitions

- a. **Collection Agency** means an outside agency assigned debt collection activities for TMMC.
- b. **Extraordinary Collection Actions (“ECAs”)** means collection activities that TMMC will not undertake before making reasonable efforts to determine whether a patient is eligible for financial assistance under this Policy. Extraordinary Collection Actions are defined in the Code of Federal Regulations, 26 CFR Section 501(r)-6.
- c. **Financial Assistance Application (“FAP Application”)** means the application that can be used to participate in TMMC’s financial assistance program. Additional information on the application processes can be found in the Financial Assistance Policy.
- d. **Financial Assistance Program** means TMMC’s program that utilizes a single, unified patient application for both full and partial financial assistance. Additional information on the program can be found in the Financial Assistance Policy.
- e. **Payment Plan** means a written agreement between TMMC and the patient, whereby TMMC has offered, and the patient has accepted the opportunity to pay off their liability in monthly payments. Eligibility is based on certain family income thresholds, excluding deductions for Essential Living Expenses.
- f. **Plain Language Summary** means a document that notifies patients and other individuals that TMMC offers financial assistance under the Financial Assistance Policy in accordance with federal and California law. The document is clear, concise and easy to understand. Additional information on the Plain Language Summary can be found in the Financial Assistance Policy.

IV. Related Documents

Financial Assistance Policy

Initial Approvals and Major Revisions:

Initial Effective Date:	2/83
Reviewed/Revised Date(s):	8/85, 6/87, 7/89, 12/90, 9/93, 3/95, 2/97, 5/99, 11/01, 5/02, 1/12, 9/14, 11/15, 7/18, 3/21, 9/22, 4/23, 12/23
Board of Trustees:	2/91, 5/02, 9/03, 9/04, 12/05, 12/06, 5/09, 12/14, 8/18, 9/22, 4/23, 12/23
Operations Committee:	2/97, 7/02, 1/12, 9/14, 12/14, 7/18, 3/21, 9/22, 4/23, 12/23

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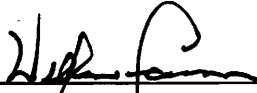
Initial Effective Date:	2/83
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Statement of Certification

This policy will be submitted to the Department of Health Care Access and Information ("HCAI"). Additionally, it will be made available on TMMC's website.

TMMC attests under penalty or perjury to the following:

1. The individual submitting the policy is duly authorized to submit policies on behalf of the organization.
2. This submitted policy is a true and correct copy of the Policy for which this certification is included.



William Larson
Senior Vice President and Chief Financial Officer

12-14-23

Date