

# Oak Valley Hospital District

## Patient Financial Services

<b>Policy/Procedure: Billing and Collections Policy</b>				
Effective Date: 07/24/2024			Page 1 of 6	
Areas Affected: Patient Financial Services				
		Title		
Composed by:	Patient Financial Services	Manager		
Reviewed by:	Finance	CFO		

**I. Policy Statement**

This policy applies to Oak Valley Hospital District and any outside agencies working on Oak Valley Hospital District’s behalf that have the responsibility to bill patients and applicable third-party payers accurately, timely, fairly and consistently in accordance with all contractual obligations, laws and regulations. Oak Valley Hospital District will not threaten or treat patients or payers with disrespect or with an aggressive tone or behavior. Oak Valley Hospital District collection practices shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation.

**II. Purpose**

It is the goal of this policy to provide clear and consistent procedures for Oak Valley Hospital District staff, Billing Companies, Collection Agencies, and other third-party vendors when conducting billing and collections functions in a manner that promotes compliance, patient satisfaction, and efficiency. This policy applies to Oak Valley Hospital District and any outside agencies working on its behalf.

**III. Billing Procedure**

**a. Billing Third-Party Payers**

For all patients with health insurance, Oak Valley Hospital District will bill the third-party payer information as provided or verified by the patient on a timely basis.

If a third-party payer denies the claim due to Oak Valley Hospital District's error, Oak Valley Hospital District will not bill the patient for any amount in excess of that for which the patient would have been liable had the third party payer paid the claim. However, if the third-party payer denies the claim due to factors outside of Oak Valley Hospital District’s control, hospital staff will follow up with the third-party payer and patient as appropriate to facilitate a resolution to the claim. If a resolution cannot be reached, after

reasonable follow-up efforts, Oak Valley Hospital District may bill the patient or take other actions consistent with current industry standards.

**b. Billing Insured Patients for Patient Responsibility**

For all patients with health insurance, Oak Valley Hospital District shall send the bill to a third-party billing company (the “Billing Company”) to assist in billing and collecting the patient’s responsibility amount as computed by the Explanation of Benefits (EOB) and as directed by the third-party payer. Oak Valley Hospital District will send the bill to the Billing Company in a timely basis after it receives payment from the payer. The Billing Company will comply with Oak Valley Hospital District’s Billing and Collection Policy as well as all state and federal laws.

**c. Billing Uninsured Patients**

For uninsured patients, Oak Valley Hospital District shall promptly send the patient’s bill for items and services provided to the Billing Company.

**d. Requesting and Itemized Statement**

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

**e. Accessing Financial Assistance Information and Application**

Oak Valley Hospital District will again provide a summary of its Financial Assistance Policy to all patients provided services at Oak Valley Hospital District. All billed patients will have the opportunity to contact Oak Valley Hospital District regarding financial assistance for their accounts. Financial assistance may include charity care, discounted care, or other applicable programs.

Oak Valley Hospital District’s financial assistance policy and application are available free of charge by visiting or contacting:

- Oak Valley Hospital District Main Admitting Department or Emergency Department
- Patient Financial Services Department at:  
     Oak Valley Hospital District – Patient Financial Services Department  
     350 South Oak Ave.  
     Oakdale, CA 95361  
     Phone: 209-848-5366
- Website at [www.oakvalleyhospital.com/patient-information/help-paying-your-bill](http://www.oakvalleyhospital.com/patient-information/help-paying-your-bill)

Oak Valley Hospital District and the collection agencies, debt buyers, or other assignees not a subsidiary or affiliate of Oak Valley Hospital District (the “Collection Agencies”) shall not pursue collections from a patient who is attempting to qualify for financial assistance under Oak Valley Hospital District’s financial assistance policy and is attempting in good faith to settle an outstanding bill by negotiating a Reasonable Payment Plan. A “Reasonable Payment Plan” is defined as a monthly payment that

does not exceed 10% of the patient's family income for a month, excluding deductions for Essential Living Expenses, or an amount as negotiated and arranged by Oak Valley Hospital District's Patient Financial Services.

If Oak Valley Hospital District determines the patient qualifies for charity care or discounted care, Oak Valley Hospital District will only use the patient's income and monetary assets information for determining eligibility and debt due. Oak Valley Hospital District will not use this information for collection activities. If the patient has already paid more than the amount due after the financial assistance determination, Oak Valley Hospital District shall refund the amount actually paid to Oak Valley Hospital District 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 Oak Valley Hospital District's receipt of the overpayment.

#### **IV. Extended Payment Plans**

Oak Valley Hospital District and its Collection Agencies shall offer uninsured patients and insured patients with a patient responsibility portion the option to enter into an agreement to pay their patient responsibility portion and any other amounts due over time.

##### **a. Terms of Extended Payment Plans**

Oak Valley Hospital District will also offer extended payment plans for those patients who indicate an inability to pay a patient responsibility amount in a single installment. The extended payment plan shall be negotiated between Oak Valley Hospital District Patient Financial Services and the patient. All extended payment plans shall be interest-free.

##### **b. Declaring an Extended Payment Plan Inoperative**

Oak Valley Hospital District may declare an extended payment plan no longer operative after the patient fails to make all consecutive payments during a 90-day period. Before declaring the extended payment plan inoperative, Oak Valley Hospital District or its Collection Agencies will make a reasonable attempt to contact the patient by the last known telephone number and provide notice in writing with the last known address to notify the patient that the extended payment plan may become inoperative and provide an opportunity to renegotiate. Oak Valley Hospital District or the Collection Agency acting on Oak Valley Hospital District's behalf will attempt to renegotiate the extended payment plan if requested by the patient.

After an extended payment plan is declared inoperative and over 180 days have passed since the initial billing of the patient, Oak Valley Hospital District or its Collection Agencies may commence Extraordinary Collection Actions (as defined below).

#### **V. Collection Practices**

In compliance with relevant state and federal laws, and in accordance with the provisions outlined in this Billing and Collections Policy, Oak Valley Hospital District and

its Collection Agencies may engage in collection activities including Extraordinary Collection Actions (“ECAs”) to collect outstanding patient balances.

Oak Valley Hospital District and its Collection Agencies shall not pursue collections from a patient who is attempting to qualify for financial assistance under Oak Valley Hospital District’s financial assistance policy and is attempting in good faith to settle an outstanding bill.

#### **a. Extraordinary Collection Actions**

ECAs include the following:

- Selling an individual’s debt to another party except as expressly prohibited by federal law.
- Reporting adverse information about the individual to consumer credit bureaus.
- Deferring or denying, or requiring a payment before providing, Medically Necessary Care (excluding emergency medical care) because of an individual’s nonpayment of one or more bills for previously provided care covered under Oak Valley Hospital District’s Financial Assistance Policy.
- Certain actions that require a legal or judicial process as specified by federal law, including some liens, foreclosures on real estate, attachments/seizures, commencing a civil action, causing an individual to be subject to a writ of attachment, and garnishing an individual’s wages.

ECAs do not include any lien that a hospital is entitled to assert under state law on the proceeds of a judgment, settlement or compromise owed to an individual (or his or her representative) as a result of personal injuries for which a hospital provided care.

#### **b. Initiating ECAs**

After at least 180 days have passed since the initial billing statement was provided to the patient and either Oak Valley Health District has found the patient ineligible for financial assistance or the patient has not responded to any attempt to bill or offer financial assistance, Oak Valley Hospital District may place the patient’s bill with a Collection Agency to pursue ECAs to collect outstanding balances at the discretion of the Chief Financial Officer or his/her designee. For patients found eligible for charity care or discounted care under Oak Valley Hospital District’s Financial Assistance Policy, the Collection Agency may not use wage garnishments or file a lien against a patient’s primary residence as a means of collecting unpaid hospital bills.

If the patient has a pending appeal for coverage of the claim(s) and has made a reasonable effort to communicate with Oak Valley Hospital District about the progress of the appeal, Oak Valley Hospital District will wait until a determination of that appeal is made to place the patient’s unpaid bill with the Collection Agency.

#### **c. Required Notices**

Before initiating ECAs to obtain payment, Oak Valley Hospital District shall send the patient notice with a notice the following information:

- The date(s) of service of the bill that is being assigned to collections or sold;
- The name of the entity the bill is being assigned or sold to;
- A statement informing the patient how to obtain an itemized hospital bill from Oak Valley Hospital District;
- The name and plan type of the health coverage for the patient on record with the hospital at the time of services or a statement that the hospital does not have that information;
- An application for the Oak Valley Hospital District's financial assistance;
- The date(s) the patient was originally sent a notice about applying for financial assistance, the date(s) the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.

## **VI. Collection Agencies**

Oak Valley Hospital District will conduct ECAs, as required, through an external collection agency. Collection Agencies that collect unpaid patient bills on Oak Valley Hospital District's behalf will be required to meet the same debt collection standards and comply with this Oak Valley Hospital District Billing and Collection Policy.

If Oak Valley Hospital District sells the patient's debt to a debt buyer, it must:

- Include contractual language in the sales agreement in which the debt buyer agrees to return, and Oak Valley Hospital District agrees to accept, any account in which the balance has been determined to be incorrect due to a third-party payer or the patient is eligible for charity care or financial assistance.
- Require the debt buyer to agree to not resell or otherwise transfer the patient debt (except to the originating hospital or tax-exempt organization as described in Health & Safety Code § 127444, or if the debt buyer is sold or merged with another entity).
- Require the debt buyer to not charge interest or fees on the patient's debt.
- Require the debt buyer to be licensed as a debt collector by the Department of Financial Protection and Innovation.

Oak Valley Hospital District will evaluate the performance of each Collection Agency at least on an annual basis, including patient reactions and complaints regarding Collection Agencies. Oak Valley will investigate and analyze complaints about the activities of Collection Agencies and promptly make and document any necessary corrections.

Additionally, Oak Valley Hospital District should obtain written statements from the Collection Agency not less than annually attesting that they are following Oak Valley Hospital District's policies and complying with all state and federal laws.

## VII. Definitions

All terms not defined within this Billing and Collections Policy will be defined in accordance with California Health and Safety Code section 127400.

- a. **Billing Company:** a third-party billing company contracted by Oak Valley Health District to assist in billing and collecting the patient's responsibility amount.
- b. **Collection Agency:** a collection agency contracted by Oak Valley Hospital District, a debt buyer, or other assignees not a subsidiary or affiliate of Oak Valley Health District that is attempting to collect, including through Extraordinary Collection Actions, unpaid bills for provided services.
- c. **Essential Living Expenses:** 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.
- d. **Extraordinary Collection Action (ECA):** ECAs include the following:
  - Selling an individual's debt to another party except as expressly prohibited by federal law.
  - Reporting adverse information about the individual to consumer credit bureaus.
  - Deferring or denying, or requiring a payment before providing, Medically Necessary Care (excluding emergency medical care) because of an individual's nonpayment of one or more bills for previously provided care covered under Oak Valley Hospital District's Financial Assistance Policy.
  - Certain actions that require a legal or judicial process as specified by federal law, including some liens, foreclosures on real estate, attachments/seizures, commencing a civil action, causing an individual to be subject to a writ of attachment, and garnishing an individual's wages.
- e. **Medically Necessary Care:** A service is "medically necessary" or a "medical necessity" when it is reasonable and necessary (a) to protect life, to prevent significant illness or significant disability, (b) to alleviate severe pain, or (c) to prevent, diagnose or treat an illness, injury, condition or disease, or the symptoms of an illness, injury, condition or disease; and (d) meets accepted standards of medicine.
- f. **Reasonable Payment Plan:** A monthly payment that does not exceed 10% of the patient's family income for a month, excluding deductions for Essential Living Expenses.