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I. PURPOSE:

The purpose of this Debt Collection 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 patient care, this policy will provide a clear and consistent process for conducting billing and collection functions at SHC that ensures that debts owed by Guarantors for medical services provided by SHC are collected in a manner that promotes patient satisfaction, efficiency, and compliance in accordance with legal and regulatory requirements.

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 a Guarantor 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 an 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 Financial Assistance Charity Care Policy) provided by SHC and who meet the eligibility criteria for such assistance. Financial Assistance is Charity Care.

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- C. 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. PROVISIONS:

- 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 in Definition section
- 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 or send electronically 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.
- D. Prior to commencing collection activities against a patient, SHC or any collection agency shall provide the patient or Guarantor with the following written notice:
1. State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the

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Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov. Nonprofit credit counseling services may be available in your area.

- E. 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.
- F. SHC will suspend any and all collection actions if a completed Financial Assistance Application, including all required supporting documentation, is received.
- G. 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.
- H. 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. The extended payment plan may be declared no longer operative after the patient's or Guarantor's failure to make all consecutive payments due during a 90-day period starting with the first day that the Patient misses a payment. Before declaring the hospital extended payment plan no longer operative, SHC or a collection agency shall make a reasonable attempt to contact the patient or Guarantor by telephone and to give notice in writing at least sixty (60) calendar days after the first missed payment that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan. Prior to the hospital extended payment plan being declared inoperative, SHC or a collection agency shall attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient or Guarantor. The patient shall be given at least thirty (30) calendar days, starting from the date the written notice of the missed payment was sent, to make a payment before the extended payment plan is declared inoperative. For purposes of this, the notice and telephone call to the patient or Guarantor may be made to their last known telephone number and address. If a payment plan is declared inoperative, and the patient has qualified for Financial Assistance, Hospital or Collection Agency shall limit the amount it seeks from the patient to the amount the patient was responsible to pay after any discounts.

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- I. If a Guarantor disagrees with the account balance or is requesting for financial assistance, the Guarantor may request the account balance be researched and verified prior to account assignment to a collection agency by contacting our Customer Service Billing department or sending a billing message through their MyHealth account.
- J. 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.
- K. Documentation of income or assets obtained from a patient or Guarantor during the process of determining their eligibility for Financial Assistance shall not be used for collections activities; provided, however, that this does not prohibit the use of information obtained by SHC or any of its agents or collection agencies independently of the eligibility process for Financial Assistance.

V. COMPLIANCE:

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

VI. RELATED DOCUMENTS / PROCEDURES:

- A. [Financial Assistance Policy](#)

VII. APPENDIX:

- A. Appendix: 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.

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3. American Hospital Association's Patient Billing Guidelines
4. Code of Civil Procedure Section 685.010
- B. Health Care Debt and Fair Billing Program Assembly Bill 1020 (Chapter 473, Statutes of 2021)Original Document:
 1. Author, date: January 2007, S. DiBoise, Chief Hospital Counsel and E. Leigh, Office of General Counsel
- C. Stored in: Administrative Manual
- D. Review and Renewal Requirements:
 1. This policy will be reviewed and/or revised biennially or as required by change of law or practice.
- E. 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
 6. July 2021, Michelle Gray, Regina Burrell, Repeka Ieremia, PFC Managers
 7. February 2023, Sarah J. DiBoise, Office of General Counsel, Sondra Hornsey, Chief Compliance and Privacy Officer, Kristine Grajo, Director Self Pay Management Office
 8. October 2023 Kristine Grajo, Director, Self Pay Management Office; Noel Juairé, Executive Director, Hospital and Professional Patient Financial Services; Joanne Andreas, Interim Director, Self Pay Management Office; Amie Heckman, Optimization Program Manager
- F. 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. June 2020, Noel Juairé, Executive Director, Patient Financial Services; Policies & Procedure Steering Committee; Operational Leadership Team Committee
 8. July 2020, SHC Board Credentials, Policy & Procedure Committee
 9. September 2021, Deborah Montez, SHC VC PAS Director, Charlie Perry, PFC Director
 10. February 2023, Noel Juairé, Executive Director, Hospital and Professional Patient Financial Services

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11. May 2023 Policies & Procedure Steering Committee; Operational Leadership Team Committee
12. June 2023 SHC Board Credentials, Policy & Procedure Committee
13. December 2023 Mindy Rogers, Vice Chair; David Entwisle, Board Member; Cecilia Herbert, Board Member for Stanford Health Care Board of Directors

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Appendix A: Contact Information

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