



Billing and Debt Collection Policy/Patient Business Policies

Ridgecrest Regional Hospital

v.4 2026 January

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Policy

In keeping with the philosophy and mission of Ridgecrest Regional Hospital (“RRH”), and in the interest of promoting financial stability and conserving resources for indigent care, it is the policy of RRH to provide clear and consistent guidelines for conducting billing and collection functions in a manner that will ensure debts owed for medical services provided by RRH are collected in a manner that promotes compliance with applicable laws, patient satisfaction and efficiency.

Purpose

The purpose of this policy is to set forth policies and procedures regarding the billing and collection of patient debt.

Definitions

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 RRH’s Financial Assistance 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 RRH’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 RRH’s Financial Assistance 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.

Extraordinary Collection Actions do not include the assertion of, or collection under, a lien asserted under Civil Code sections 3040 or 3045. Further, filing a claim in a bankruptcy proceeding is not an Extraordinary Collection Action.

Guarantor: For 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.

Billing and Collection Procedures

A. RRH will pursue payment for debts owed for health care services provided by RRH, using similar efforts for Medicare and non-Medicare patients. Collection actions shall be undertaken at RRH's discretion in accordance with applicable laws and under the final authority of J.A. Suver, CEO & President

B. RRH shall not use wage garnishments or liens on any real property owned, in part or completely, by the patient in dealing with patients eligible under the hospital's Financial Assistance Program.

C. Patient account balances meeting one or more of the following criteria are eligible for placement with a collection agency:

i. RRH 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.

ii. RRH has made reasonable efforts to determine a patient's eligibility for financial assistance under RRH's Financial Assistance Policy.

iii. RRH has made reasonable efforts to mail at least four (4) billing statements after the date of discharge from outpatient or inpatient care, with a final 10-day notice appearing on the fourth billing statement, indicating the account may be placed with a collection agency. All billing statements must include a notice about the RRH Financial Assistance Policy.

iv. 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. RRH will suspend any and all collection actions if a completed Financial Assistance Application, including all required supporting documentation, is received, and the patient is determined to be qualified, as well as during the qualification determination process.

E. If RRH determines that a patient qualifies for assistance under the Financial Assistance Policy, and the Guarantor has paid RRH more than the amount that should be due from a qualified patient, RRH shall refund the amount paid to RRH 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 RRH's receipt of the overpayment. Notwithstanding the foregoing, if the amount overpaid by the Guarantor is \$5.00 or less, RRH 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.

F. As stated in RRH's Financial Assistance Policy, a patient may qualify for an extended interest free payment plan. The payment plan shall consider the patient's income and the amount owed.

G. 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.

H. Accounts at a collection agency may be recalled and returned to RRH at the discretion of RRH and/or according to state or federal laws and regulations. RRH 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.

I. Additional processes are set forth in the RRH Financial Assistance Program policy.

J. Information obtained by RRH from income tax returns, paystubs, or monetary asset documentation as part of the eligibility process for charity care or financial assistance will not be used for collections activities. However, RRH may use information obtained (by itself or through a collection agency or an assignee) independently of the eligibility process for charity care or financial assistance.

K. Nothing herein shall preclude RRH from pursuing reimbursement from third-party liability settlements, tortfeasors, or other legally responsible parties.

L. This policy, along with RRH's Financial Assistance Program policy and business office policies set forth under whose authority patient debt can be advanced for collection.

M. RRH shall not report adverse information to a consumer credit reporting agency. Nor shall RRH commence civil action against the patient for non-payment before 180 days after initial billing.

N. RRH shall not, and shall not cause a collection agency to, obtain or attempt to obtain an affirmation from a patient that has been discharged in bankruptcy, without clearly and conspicuously disclosing to the patient, in writing, at the time the affirmation is sought, the fact that the patient is not legally obligated to make an affirmation.

Prior to Assignment of Debt to a Collection Agency

RRH shall send the patient a notice with all the following information:

- (a) The date or dates of service of the bill that is being assigned to collections or sold.
- (b) The name of the entity the bill is being assigned to or sold to.
- (c) A statement informing the patient how to obtain an itemized hospital bill from the hospital.
- (d) 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.
- (e) An application for the hospital Financial Assistance Program.
- (f) The date or dates the patient was originally sent a notice about applying for financial assistance, the date or dates the patient was sent a financial assistance application, and, if applicable, the date a decision on the application was made.

RRH is also required to provide a plain language summary of the patient's rights pursuant to Health & Safety Code 127425, the Rosenthal Fair Debt Collection Practices Act (Title 1.6C (commencing with Section 1788) of Part 4 of Division 3 of the Civil Code), and the federal Fair Debt Collection Practices Act (Subchapter V (commencing with Section 1692) of Chapter 41 of Title 15 of the United States Code). The summary shall include a statement that the Federal Trade Commission enforces the federal act. Accordingly, the following plain language summary shall be sufficient:

“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 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 the area.

This notice shall also accompany any document indicating that the commencement of collection activities may occur.

If a hospital assigns or sells the debt to another entity, the above notification obligations shall apply to the entity, including a collection agency, engaged in the debt collection activity.

Prohibition on Extraordinary Collection Action

RRH and collection agencies shall not employ Extraordinary Collection Action to attempt to collect from a patient.

Collection Agencies

A patient account shall not be placed with any outside collection agency any sooner than 180 days after the first post-discharge/post-services billing statement.

A patient account shall not be placed with any outside collection agency unless RRH has determined that the patient is not eligible for financial assistance or the patient has not responded to attempts to bill or offer financial assistance for 180 days.

If a patient is attempting to qualify for eligibility under the RRH Financial Assistance Program and is attempting in good faith to settle an outstanding bill with the hospital by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, RRH shall not send the unpaid bill to any collection agency, debt buyer, or other assignee, unless that entity has agreed to comply with the requirements of this policy and all applicable regulations.

All contracts with outside collection agencies (i.e. debt buyers) shall stipulate that:

- (a)** the collection agency shall follow the provisions of this policy and all applicable laws;
- (b)** the collection agency shall not report adverse information to a consumer credit reporting agency;
- (c)** the collection agency shall not commence civil action against the patient for nonpayment at any time prior to 180 days after initial billing;
- (d)** in dealing with patients under the hospital's Financial Assistance program, the collection agency shall not use wage garnishments or place liens on any real property owned, in part or completely, by the patient except as specified under Section 127425(h)(2);
- (e)** adhere to all requirements under California Health & Safety Code Section 127400 et seq.;
- (f)** the collection agency shall utilize a "reasonable payment plan" of monthly payments that are not more than 10% of a patient's family income for a month, excluding deductions for essential living expenses (as defined by California Health & Safety Code Section 127400(i));
- (g)** the collection agency shall agree to return the debt, and the hospital shall agree to accept the debt, for any account in which the balance has been determined to be incorrect due to the availability of a third-party payer, including a health plan or government health coverage program, or the patient is eligible for charity care or financial assistance;
- (h)** the collection agency shall not resell or otherwise transfer the patient debt, except to RRH or a tax-exempt organization (as defined in Section 127444 of

California Health & Safety Code), or in the event the collection agency is sold or merged with another entity;

(i) the collection agency agrees to not charge interest or fees on the patient debt;

(j) the collection agency is licensed as a debt collector by the Department of Financial Protection and Innovation; and

(k) the collection agency agrees (and shall cause any subsequent assignee or buyer to agree) to maintain for five years all records related to any litigation related to the patient debt and associated collection efforts.

RRH shall not knowingly assign an account to a collection agency if the patient has a pending application for any County, State, or Federal health assistance program, or with the RRH Financial Assistance Program. The patient must be attempting in good faith to qualify for such programs, otherwise, the debt may be advanced through the collections process. The patient must pursue the application process as soon as possible and must remain in contact with RRH. Patients and Guarantors are required to promptly inform RRH of changes in their financial information, billing address, and contact information.

Refunds

In the event a patient has made an overpayment, RRH shall reimburse the patient for the amount overcharged, plus interest (as set forth by law.) Such refund shall be made within 30 days.

Dispute

In the event of a dispute over any billing or collection procedures, the patient should contact RRH's billing department. An unresolved issue can be elevated to the Revenue Cycle Director, then to the CFO, and then to the CEO.

If the patient has a "pending appeal" (as defined by California Health & Safety Code Section 127426(b)) for coverage of the services, the timeframes described herein may be extended until a final determination of that appeal is made if the patient makes a reasonable effort to communicate with the hospital about the progress of any pending appeals.

Questions

For assistance or questions regarding discounts, charity care or other financial obligations, patient/guarantors should contact RRH's billing department.

Requirements

This policy shall be submitted to the California Department of Health Care Access and Information in accordance with regulations. It shall be submitted every other year, or whenever a significant change is made.

Record Retention

RRH shall maintain all records relating to money owed to RRH by a patient or a patient's Guarantor for five years, including, but not limited to, all of the following:

1. Documents related to litigation filed by RRH.
2. A contract and significant related records by which RRH assigns or sells medical debt to a third party.
3. A list, updated at least annually, of every person, including the person's name and contact information, that meets at least one of the following criteria:
 - a. The person is a debt collector to whom RRH sold or assigned a debt that a RRH patient owed RRH.
 - b. The person is retained by RRH to pursue litigation for debts owed by patients on behalf of RRH.

Related Documents / Procedures

- RRH Financial Assistance Policy
- RRH Business Office policies

References

- California Health & Safety Code 127425 (Hospital Fair Pricing Law)
- California Civil Code 1788 et seq. (Rosenthal Fair Debt Collections Act)
- Internal Revenue Code Section 501(r)
- 42 CFR 440.255
- 22 Cal. Code Reg. 96051.6(a)(3)