

This policy applies to: <input checked="" type="checkbox"/> <i>Lucile Packard Children's Hospital Stanford</i>	Approval Date: April 2015
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I. **PURPOSE**

The purpose of the Policy is to comply and provide information with respect to the billing and collection of patient debt, pursuant to the California Health and Safety Code and the Federal Patient Protection and Affordable Care Act.

II. **POLICY**

In the interest of promoting financial stability and conserving resources for indigent care, Lucile Packard Children's Hospital (LPCH) will ensure that debts owed by Guarantors for medical services provided by LPCH 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
5. Causing an 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 LPCH's Financial Assistance and Charity Care Policy
9. Requiring payment before providing Medically Necessary care because of outstanding bills for previous care
10. May include sale of debt to a third party

B. **Financial Assistance**

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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 LPCH and who meet the eligibility criteria for such assistance. Under this Policy, Financial Assistance is either Charity Care or Financial Hardship Discount. LPCH'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.

D. Medically Necessary

As defined by Medicare as services or items reasonable and necessary for the diagnosis or treatment of illness or injury.

Services that are generally not considered to be Medically Necessary and are therefore not eligible for Financial Assistance include:

- Reproductive Endocrinology and Infertility services
- Cosmetic or plastic surgery services
- Vision correction services including LASEK, PRK, Conductive Keratoplasty, Intac's corneal ring segments, Custom contoured C-CAP, and Intraocular contact lens
- Hearing aid and listening assistive devices

In rare situations where a physician considers one of the above referenced services to be Medically Necessary, such services may be eligible for Financial Assistance upon review and approval by the Chief Medical Director of LPCH.

LPCH reserves the right to change the list of services deemed to be not eligible at its discretion.

IV. PROCEDURES

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- A. LPCH will pursue payment for debts owed for health care services provided by LPCH according to LPCH policy and procedures. The procedures for assignment to collections/bad debt will be applicable to all LPCH Guarantors.
- B. LPCH 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. LPCH has made attempts to collect payment using reasonable collection efforts. LPCH 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 LPCH 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.
 - 3. If a patient currently has other accounts that are open or unresolved bad debt balances, LPCH reserves the right to send accounts to collections earlier.
 - 4. LPCH will suspend any and all collection actions if a completed Financial Assistance Application, including all requisite supporting documentation, is received. Further, if LPCH determines the individual is eligible for financial assistance, it will promptly refund any overpaid amounts.
- D. As stated in LPCH'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.
- E. 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.

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

G. LPCH does not engage in any extraordinary actions (ECAs) as defined above.

V. COMPLIANCE

A. All workforce members including employees, contracted staff, students, volunteers, credentialed medical staff, and individuals representing or engaging in the practice at LPCH 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 127400127462 as applicable.
2. Federal Patient Protection and Affordable Care Act, Section 501(r) of the Internal Revenue Code and regulations promulgated 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 Lucile Packard Children's Hospital.

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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
February 2011, S.Shah, Clinical Accreditation Mgr
April 2014 M.Montes, Patient Advocacy Mgr
December 2014, Andrea M. Fish, Office of General Counsel
March 2015, Andrea M. Fish, Office of General Counsel
- G. Approvals
April 2007 LPCH VP Ops
February 2011 LPCH VP Ops
April 2014 PFS Rev Cycle Dir/PFS VP Ops
April 2015, LPCH Finance Committee

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