1.0 PURPOSE:

1.1 To establish Rady Children’s Hospital San Diego (Hospital) and Rady Children’s Specialists of San Diego, A Medical Foundation (Medical Foundation) billing and debt collection practices in compliance with Federal and California laws and regulations. Hospital and Medical Foundation are referred to collectively in this document as Rady Children’s.

2.0 DEFINITIONS:

2.1. **Authorized Vendor** means a third-party vendor authorized by Rady Children’s to perform various functions for Rady Children’s, including, but not limited to, billing of patients and collection of unpaid patient bills.

2.2. **Charity Care** means either full charity care or partial charity care.

2.3. **Collection Agency** An Authorized Vendor that engages in debt collection activities after the patient has failed to pay, or make arrangements acceptable to Rady Children’s to pay, a bill issued as part of the hospital’s normal billing cycle. The term Collection Agency does not include an Authorized Vendor carrying out Rady Children’s normal billing function.

2.4. **Full Charity Care** means free health care services, where the patient/Guarantor is expected to pay nothing.

2.5. **Partial Charity Care** means the patient/Guarantor is not expected to pay a portion of the charges.

2.6. **Debt Collection** means all communication about payment by Rady Children’s (or its assignee, including a subsidiary, affiliate, collection agency, or purchaser of its debt) with the patient/Guarantor after the initial bill is sent.

2.7. **Discounted Payment** means a situation where the Hospital has determined the patient does not qualify for Full Charity Care, but is eligible for a discount and is expected to pay only a part of the bill. This is a form of Partial Charity Care.

2.8. **Emergency Physician** means a physician who is a credentialed member of the Hospital...
Medical Staff and is contracted by the Hospital to provide emergency medical services in the emergency department (ED). Emergency Physician does not include a physician specialist who is called into the ED or who is on staff, or has privileges, at the Hospital outside of the ED.

2.9. **Essential Living Expense** means 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 childcare, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.

2.10. **Extraordinary Collections Activities (ECAs)** include reporting adverse information to credit agencies, placing a lien on individual’s property, foreclosing on real property, attaching or seizing an individual’s bank account or other personal property, commencing a civil action against an individual or writ of body attachment, causing an individual’s arrest, deferring or denying medically necessary care because of non-payment of a bill for previously provided care covered under the FAP, requiring payment before providing medically necessary care because of outstanding bills for previously provided care, garnishing an individual’s wages, and certain sales of the patient’s debt to another party. ECAs do not include transferring of an account to an Authorized Vendor for purposes of collection without the use of any ECAs.

2.11. **Family or Patient’s Family** means, for patients 18 years of age and older, the patient’s spouse, registered domestic partner, and dependent children under 21 years of age, whether living at home or not. For patients under 18 years of age, the Family includes the patient’s parent, caretaker relatives, and other children (under 21 years of age) of the parent or caretaker relative.

2.12. **Financial Assistance Program (FAP)** means the Rady Children’s program described by this policy and procedure and designed to assist Financially Qualified Patients in obtaining Discounted Payments or Charity Care for Hospital services and Emergency Physician services.

2.13. **FAP Participant** means a Rady Children’s Financially Qualified Patient.

2.14. **Financially Qualified Patient** means:

2.14.1. Uninsured patient with Family income at or below 550% of the FPL; or
2.14.2. Insured patient with High Medical Costs and a Family income at or below 450% of the FPL; or
2.14.3. Insured patient with non-covered charges and a Family income at or below 450% of the FPL; or
2.14.4. A patient, whether uninsured or insured, who has High Medical Costs.

2.15. **Guarantor** means the person with financial responsibility for the patient’s health care services, usually the patient, parent, or legal guardian.

2.16. **High Medical Costs** means any of the following, as applied to the date(s) of service:

2.16.1. Annual out-of-pocket costs incurred at the Hospital exceeding 10% of the Family income in the prior 12 months (determined by comparing the patient/Guarantor’s out of pocket costs for the patient to the Patient’s Family income), or
2.16.2. Annual out-of-pocket costs that exceed 10% of the Family income if the patient/Guarantor provides documentation of medical expenses paid in the prior 12 months (determined by comparing total medical expenses, including those...
Center Policy Manual, CPM 7-56, Billing And Debt Collection

2.17. **Monetary Asset** means an asset that is readily convertible to cash, such as bank accounts and publicly traded stock, but not an illiquid asset such as real property. A monetary asset does not include retirement or deferred compensation plans, and neither the first $10,000 of a Monetary Asset, nor 50% of a Monetary Asset over the first $10,000, will be counted in determining FAP eligibility based on a monetary asset.

2.18. **Patient/Family Income** means income calculated as follows: Patient’s and Family gross income before taxes, less payments made for alimony and child support (Retirement or deferred-compensation plans qualified under the Internal Revenue Code, Or nonqualified deferred-compensation plans, shall not be included in income calculations.)

2.19. **Payment Plan** means monthly payments of agreed upon terms between the Hospital and the patient/Guarantor.

2.20. **Reasonable Payment Plan** means monthly payments that are not more than 10% of a patient/Family Income for a month, excluding deductions for Essential Living Expenses.

2.21. **Self-Pay Patient** means a patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medicaid, and whose injury is not a compensable injury for purposes of worker’s compensation, automobile insurance, or other insurance as determined and documented by the Hospital.

2.22. **Financially Qualified Self-Pay Patients** are Patients with no third party insurance or other coverage and Patient/Family Income does not exceed 450% of the FPL. Financially Qualified Self-Pay Patients may include Charity Care patients.

2.23. **Third Party Payer** means private insurance including coverage offered through the California Health Benefits Exchange, Worker’s Compensation, automobile insurance, as well as government health care program coverage such as Medi-Cal, CCS, Tricare, Medicare, CHAMPUS, Healthy Families.


3.0 **STANDARD (POLICY):**

3.1. It is the policy of Rady Children’s to support access to quality health care for children by establishing fair and transparent billing and debt collection practices for Hospital and Emergency Physician services, in compliance with California and federal laws and regulations.

4.0 **PROCEDURE:**

4.1. **INITIAL BILLING:**

4.1.1. Prior to sending the initial bill for health care services to the patient/Guarantor, Rady Children’s will:

4.1.2. Make all reasonable efforts to:

4.1.2.1. Obtain and validate from the patient/Guarantor Third Party Payer information, in accordance with its Fair Pricing Policy and Financial Assistance Program policy.

4.1.2.2. Obtain benefit and prior-authorization verifications.

4.1.2.3. Obtain accurate reimbursement from any Third Party Payer(s) through
claims submission, follow up and appeal processes as needed.
4.1.2.4. Validate Third Party Payer claim adjudication.
4.1.3. Assign to patient/Guarantor the appropriate amount of financial liability, as may be limited by Third Party Payer adjudication (claims and payment) and/or the Financial Assistance Program, as applicable.
4.1.4. Not recalculate patient/Guarantor’s financial liability based on income or assets that could not have been considered when determining FAP eligibility.

4.2. BILLING NOTICES:
4.2.1. Rady Children’s will include the following information in all billing notices to patients/Guarantors:
  4.2.1.1. On the initial bill, an itemized statement of charges;
  4.2.1.2. On subsequent bills, a balance forward of unpaid charges;
  4.2.1.3. A request for information regarding insurance coverage;
  4.2.1.4. A statement that indicates that if the patient/Guarantor lacks, or has inadequate insurance coverage, and meets certain income requirements, the patient/Guarantor may be eligible for a government program (e.g., Medi-Cal, CCS, Healthy Families, or coverage offered through the California Health Benefit Exchange) or for the FAP;
  4.2.1.5. A statement indicating how to obtain applications for Medi-Cal, CCS, and Healthy Families programs, coverage offered through the California Health Benefit Exchange, or other state- or county-funded health coverage program and how to obtain an FAP application; and
  4.2.1.6. The telephone number of the appropriate Rady Children’s department to obtain further information on financial assistance and how to apply for such assistance.

4.3. PAYMENT PLANS
4.3.1. Rady Children’s offers to all patients/Guarantors, regardless of FAP eligibility, the option to make payments on an extended payment plan.
4.3.2. Rady Children’s will negotiate the terms of a payment plan with the patient/Guarantor and will take into consideration the Patient/Family Income and Essential Living Expenses.
4.3.3. Rady Children’s will use the statutory formula to create a Reasonable Payment Plan, if the Hospital and patient/Guarantor cannot agree on a payment plan.
4.3.4. Rady Children’s will not charge interest on any payment plans, including those offered to a FAP Participant.
4.3.5. Rady Children’s will determine the length of a payment plan by considering the size of the payment obligation and the patient/Guarantor’s financial resources and Essential Living Expenses.
4.3.6. Rady Children’s may render the payment plan inoperative if the patient/Guarantor fails to make all consecutive payments due during a 90 day period.
  4.3.6.1. Rady Children’s or its assignee will first attempt to contact the patient/Guarantor by phone (at last known number), and give notice in writing (at last known address), that the payment plan may become
inoperative, and inform the patient/Guarantor of the opportunity to renegotiate the payment plan, and attempt to do so if requested by the patient/Guarantor.

4.3.6.2. Rady Children’s will not make a report to a consumer credit reporting agency or commence a civil action until the payment plan is declared inoperative.

4.4. DEBT COLLECTION

4.4.1. The following are Rady Children’s debt collection procedures. Rady Children’s:

4.4.1.1. Will advance a patient debt for collection, whether by the Hospital, or its assignee, including a subsidiary, affiliate, collection agency, or purchaser of its debt, only in accordance with this policy and upon the review and approval of the Director Revenue Cycle.

4.4.1.2. Will make reasonable efforts in accordance with its Financial Assistance Program policy to determine if a patient/Guarantor qualifies for financial assistance prior to engaging in any collection actions, including extraordinary collection actions (ECAs).

4.4.1.2.1. A patient/Guarantor will be provided instructions on how to apply for financial assistance with the initial and subsequent bills, balance reminder calls, and when calling PFS Customer Service team to inquire on account balances.

4.4.1.2.2. Once a complete financial assistance application has been submitted, the Financial Counseling Department will make the final FAP eligibility decision prior to continuing collection actions.

4.4.1.3. At least thirty (30) days prior to initiating any ECAs, Rady Children’s or its Authorized Vendor will:

4.4.1.3.1. Provide the patient with written notice that will:

4.4.1.3.1.1. Indicate that Financial Assistance is available for eligible individuals;

4.4.1.3.1.2. Identify the ECAs Rady Children’s or its Authorized Vendor intends to initiate to obtain payment for the care;

4.4.1.3.1.3. State a deadline after which such ECAs may be initiated that is no earlier than 30 days after the date the notice is provided; and

4.4.1.3.1.4. Include the following statement: “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.”

4.4.1.3.2. Provide the patient with Rady Children’s plain language summary of Rady Children’s FAP with the written ECA notice described in section 4.4.1.3.1 above.

4.4.1.4. May use the following ECAs in an attempt to collect a debt, if at least 120 days have passed after the first post-discharge billing statement:

4.4.1.4.1. Reporting adverse information about the individual to credit reporting agencies.

4.4.1.4.2. Legal or judicial processes including commencing a civil action or wage garnishment proceedings.

4.4.1.5. Will provide the patient/Guarantor with a clear and conspicuous notice of the following prior to commencing collection activities: a plainly worded summary of the patient’s rights pursuant to the Hospital Fair Pricing Policy law, the Rosenthal Fair Debt Collection Practices Act, and the federal Fair Debt Collection Practices Act. This notice:

4.4.1.5.1. Generally will be included in the initial bill to the patient/Guarantor.

4.4.1.5.2. In all cases will be provided before sending an account to an outside collection agency.

4.4.1.5.3. Will be included in any document indicating that commencement of collection activities may occur.

4.4.1.6. Will not send an account to a collection agency when the patient/Guarantor is attempting in good faith to settle a bill by negotiating a payment plan or has submitted a complete financial assistance application.

4.4.1.7. Will not use patient/Family Income or Monetary Asset information obtained during the FAP eligibility process for the purpose of pursuing collection activities as described in this policy.

4.4.1.8. Will use personnel to perform collections activities who were not involved in the patient’s FAP determination.

4.4.1.9. Will maintain information concerning assets or income as part of the FAP eligibility process in a separate file from information used to collect debt. The FAP eligibility file will not be available to personnel performing debt collection activities.

4.4.1.10. Will make its contracted collection agencies aware of the FAP so the agency can report amounts it has determined to be uncollectable due to the inability to pay in accordance with the FAP eligibility guidelines.

4.4.1.11. Will obtain a written agreement from each collection agency it uses that such agency will adhere to Rady Children’s FAP, Fair Pricing
Policy, and this Billing and Debt Collection policy for all patients.

Exceptions:

4.4.1.11.1. A collection agency that is not an affiliate or subsidiary of Hospital may use wage garnishment against patient/Guarantor upon order of the court upon noticed motion, supported by a declaration identifying the basis for which it is believed the patient has the ability to make payments on the judgment under wage garnishment.

4.4.1.11.2. A collection agency that is not an affiliate or subsidiary of Hospital may not notice or conduct a sale of patient/Guarantor’s primary residence during the life of the patient or his/her spouse, during the period that a child of the patient is a minor, or during the period a child of the patient who has attained the age of majority is unable to take care of himself or herself and resides in the dwelling as his or her primary residence.

4.4.1.12. Will not report within 150 days of initial billing adverse information to a consumer credit reporting agency or commence a civil action against the patient/Guarantor for patients who are Uninsured with High Medical Costs.

4.4.1.13. Will extend this 150 day period for patients who have a pending appeal (which includes for example a grievance, independent medical review, Medi-Cal claim fair hearing review, or Medicare coverage appeal) against a Third Party Payer, so that the patient/Guarantor has 150 days from the date of the completion of the appeal to make payment.

4.4.1.14. Will recall an account from a collection agency if Rady Children’s receives proof of a patient’s Medi-Cal eligibility, and will notify its collection agencies of Medi-Cal coverage, instruct the agencies to cease collection efforts on the unpaid bill for the covered services, and notify the patient/Guarantor that the above steps were taken. Information previously sent to a credit reporting agency by Rady Children’s or the collection agency will be corrected within 30 days of Medi-Cal eligibility verification.

4.4.1.15. Will not use, and will prohibit its assignee that is a subsidiary or affiliate from using, wage garnishments or liens on primary residences of patient/Guarantor to collect an unpaid Hospital bill with respect to a FAP eligible patient.

4.4.1.16. When seeking reimbursement for Emergency Physician services from the Maddy Fund, will cease any further billing or collection activity for that patient. If no payment is made from the Maddy Fund, billing and collection may resume in accordance with this and other applicable Rady Children’s policies.

5.0 RELATED POLICIES:

5.1 Financial Assistance Program, CPM 7-11
5.2 Hospital & ED Physician Fair Pricing, CPM 7-55

6.0 RESOURCES:

6.1 California AB 774 (2007), AB 1503 - Chapter 445 (2010), SB 1276 – Chapter 758 (2014)–
6.2 Hospital Fair Pricing Policies Law (Health & Safety Code 127400-127446, 127452)
6.3 Title 22, California Code of Regulations, §§ 96005-96020, 96040-96050
6.4 Oshpd.ca.gov/HID/Products/Hospitals/Chargemaster
6.5 Health & Safety Code §§ 1339.55, 1339.56, 1339.59, 1339.585, 1797.98c & 128770
6.6 Patient Protection and Affordable Care Act
6.7 Internal Revenue Code section 501(r)

Date Written: January 2016
Date Revised: July 2019, June 2021
Date Reviewed: August 2019