

**DIGNITY HEALTH
GOVERNANCE POLICY AND PROCEDURE**

FROM: Dignity Health Board of Directors

SUBJECT: Patient Billing and Collection Policy

EFFECTIVE DATE: January 1, 2016

REVISED: (60.4.006) January 17, 2012 April 25, 2011; October 20, 2010; December 19, 2007; May 7, 2007

ORIGINAL EFFECTIVE DATE: (60.4.006) May 7, 2007

REPLACES: (60.4.006) Self Pay Patient Billing and Collections Guidelines Policy: January 17, 2012; April 25, 2015; October 20, 2010
(60.4.006) Uninsured Patient Billing and Collections Guidelines Policy; May 7, 2007; December 19, 2007

I. POLICY:

To manage its resources responsibly and to allow Dignity Health to provide assistance to persons in need, Dignity Health establishes this policy regarding the billing of patients for services provided by Dignity Health and the collection of unpaid patient bills. The process used by Dignity Health to bill patients and collect unpaid debts shall reflect Dignity Health's values of human dignity and stewardship as well as the personal responsibility of patients to contribute to the cost of the health care services they receive from Dignity Health.

II. PURPOSE:

The purpose of this policy is to establish Dignity Health's guidelines regarding the billing of and collection from patients who receive services from Dignity Health, including the billing and collection practices of vendors who perform services for Dignity Health.

III. DEFINITIONS:

Application Period

The period of time beginning on the date of the first post-discharge bill and ending 240 days later, during which the patient may apply for Financial Assistance under the Financial Assistance Policy.

Authorized Vendor

An Authorized Vendor is a third-party vendor authorized by Dignity Health to perform various functions for Dignity Health, including, but not limited to, billing of patients and collection of unpaid patient bills.

Charity Care

Charity Care is full Financial Assistance to qualifying patients that relieves the patient and his or her guarantor of their entire financial obligation to pay for Eligible Services. Charity Care does not reduce the amount, if any, that a third party may be required to pay for Eligible Services provided to the patient.

Discounted Care

Discounted Care is partial Financial Assistance to qualifying patients to relieve the patient and his or her guarantor of a portion of their financial obligation to pay for Eligible Services (as defined below). Discounted care does not reduce the amount, if any, that a third party may be required to pay for Eligible Services provided to the patient.

Collection Agency

An Authorized Vendor that engages in debt collection activities after the patient has failed to pay, or make arrangements acceptable to Dignity Health 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 Dignity Health's normal billing function.

Eligible Services

Eligible Services include all Emergency Medical Care and non-emergency, Medically Necessary Care delivered by Dignity Health within Dignity Health-operated hospital facilities including all facilities listed on the license for each hospital. Eligible services excludes physician services, treatments or procedures unless the Financial Assistance Policy's provider list includes the relevant physician or physician group and, if applicable, a description of the services, treatments, or procedures provided by such physician or physician group.

Emergency Medical Care

Emergency Medical Care means care provided by a hospital facility for:

- (a) A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
 - (i) Placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy;
 - (ii) Serious impairment to bodily functions, or
 - (iii) Serious dysfunction of any bodily organ or part;
- or

- (b) A pregnant woman who is having contractions, when
 - (i) There is inadequate time to effect a safe transfer to another hospital before delivery, or
 - (ii) That transfer may pose a threat to the health or safety of the woman or the unborn child.

Essential Living Expenses

Essential living expenses include 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.

Extraordinary Collection Actions (ECAs)

ECAs include the following:

- (a) Selling an individual's debt to another party except as expressly provided by federal law;
- (b) Reporting adverse information about the individual to consumer credit bureaus;
- (c) Deferring or denying, or requiring a payment before providing, Medically Necessary Care because of an individual's nonpayment of one or more bills for previously provided care covered under the hospital facility's Financial Assistance Policy; and
- (d) 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.

Federal Poverty Level

The FPL is defined by the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code. Current FPL guidelines can be referenced at <http://aspe.hhs.gov/poverty-guidelines>.

Financial Assistance Policy

The Financial Assistance Policy is this policy, which Dignity Health has established for the provision of Charity Care and Discounted Care for financially qualified patients, which are referred to collectively in this and other policies as "Financial Assistance."

Income

Modified Adjusted Gross Income (MAGI), as defined by the IRS.

Medically Necessary Care

Hospital services and supplies and other health care services needed to diagnose or treat an illness, injury, condition, disease or its symptoms and that meet accepted practice standards. Medically necessary care does not include care relating to cosmetic procedures that are intended only to improve the aesthetic appeal of a normally functioning body part.

Patient's Family

A Patient's Family includes the patient and:

- (a) For persons 18 years of age and older, a spouse, domestic partner, as defined in Section 297 of the Family Code, and dependent children under 21 years of age, whether living at home or not.
- (b) For persons under 18 years of age, a parent, caretaker relatives, and other children under 21 years of age who are children of the parent or caretaker relative.

Patient Family Income

The annual Income earned by the Patient's Family in the 12 months prior to the date on which the Dignity Health service was provided.

Patient with High Medical Costs

A patient whose Patient Family Income does not exceed 350% of the FPL and who has health coverage, and who also meets one of the following two criteria:

- (a) Annual out-of-pocket costs incurred by the patient at the hospital facility exceed 10% of the Patient Family Income (defined above) in the prior 12 months; or
- (b) Annual out-of-pocket medical expenses exceed 10% of the Patient Family Income, if the patient provides documentation of the patient's medical expenses paid by the patient or the Patient's Family in the prior 12 months.

Presumptive Eligibility Determination

Presumptive Eligibility Determination is the process of determining a patient's eligibility for Financial Assistance based upon information other than that provided by the patient or based upon a prior Financial Assistance eligibility determination. (Note that references to "Presumptive Eligibility" in this Patient Billing and Collection Policy refer to Presumptive Eligibility for Financial Assistance and do not refer to Medi-Cal Hospital Presumptive Eligibility unless otherwise specified.) Dignity Health may in its sole discretion make a Presumptive Eligibility Determination to provide Charity Care or Discounted Care to a patient. In making a Presumptive Eligibility Determination, Dignity Health may rely on information included in publicly available databases and information provided by third-party vendors who utilize publicly available databases to estimate whether a patient is entitled to Financial Assistance. For example, Payment Assistance Rank Ordering (PARO) is a process which uses patient demographic data to estimate the financial status of patients by accessing numerous publicly available databases. PARO provides an estimate of the patient's household income and size that allows Dignity Health to estimate the patient's income in relation to the FPL. Additionally,

PARO or similar tools may be used to validate financial and demographic information provided by the patient during the Financial Assistance eligibility process.

Reasonable Payment Plan

A Reasonable Payment Plan is an extended payment plan in which the monthly payments are not more than 10% of a Patient Family Income for a month net of deductions therefrom for Essential Living Expenses (as defined above).

Uninsured Patient

An Uninsured Patient is a patient who does not have health coverage from a health insurer, health care service plan, government-sponsored healthcare program (e.g., Medicare or Medicaid), and whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance or third party payer as determined and documented by the hospital.

IV. PRINCIPALLY AFFECTED DEPARTMENTS:

All Dignity Health entities that provide Eligible Services.

V. GUIDELINES

A. Notices Required on All Billing Statements

Dignity Health shall make reasonable efforts to provide all patients who receive care (whether emergency, inpatient or outpatient) from a Dignity Health facility and may be billed for that care with a conspicuous written notice on each billing statement that includes the following:

1. Information about availability of Dignity Health's Financial Assistance Policy and other discounts available from Dignity Health;
2. Information about eligibility for Financial Assistance and other discounts;
3. Contact information (*i.e.*, telephone number) for a hospital employee or office from which the person may obtain further information about Dignity Health's Financial Assistance Policy and other discounts; and
4. The direct website where copies of the Financial Assistance Policy, Financial Assistance application form, and plain language summary of the Financial Assistance Policy can be obtained.

B. Additional Notice to Patients Who Have Not Provided Proof of Health Coverage

If a patient has not provided proof of health coverage by a third party at the time care is provided or by the time the patient is discharged, Dignity Health's first post-discharge bill will

provide the patient with a bill that contains a clear and conspicuous notice including the following information:

1. A statement of charges for the services provided;
2. A request that the patient inform the hospital if the patient has coverage for the charges through health insurance, a healthcare service plan, a government-sponsored healthcare program, or other coverage;
3. A statement that, if the patient does not have health insurance coverage for the charges, the patient may be eligible for (i) a government-sponsored healthcare program, such as Medicare, Medicaid or CHIP, (ii) coverage offered through a Health Benefits Exchange, (iii) coverage through other state- or county-funded health programs (e.g., California Children’s Services program) or (iv) Financial Assistance from Dignity Health under its Financial Assistance Policy;
4. A statement indicating how patients may obtain applications for the programs listed in (3) above and that the hospital will provide the applications;
5. A referral to a local consumer assistance center housed at legal services offices;
6. The following information about eligibility for Financial Assistance at Dignity Health and Dignity Health’s Financial Assistance Application:
 - (a) A statement if the patient lacks, or has inadequate insurance and meets Dignity Health’s eligibility requirements, including low and moderate income requirements, the patient may qualify for Discounted Care or Charity Care; and
 - (b) The name and telephone number of a hospital employee or office where the patient may obtain information about Dignity Health’s Financial Assistance Policy, an application for Financial Assistance and how to apply for that assistance.
 - (c) A statement that if a patient applies, or has a pending application for another health coverage program at the same time that he or she applies for Financial Assistance, neither application shall preclude eligibility for the other program.
7. A notice describing Dignity Health’s Uninsured Patient discount.

C. Estimate of Charges and Financial Assistance Application Upon Request by Uninsured Patients

Upon the request of an Uninsured Patient, Dignity Health will provide the patient with (1) a written estimate of the amount the hospital will require the patient to pay for the health care services, procedures, and supplies that are reasonably expected to be provided to the patient by the hospital, based upon an average length of stay and services provided for the patient’s diagnosis and (2) a Financial Assistance application. This provision does not apply to a patient who receives Emergency Care.

D. Notice Prior to Initiating ECAs

At least 30 days prior to initiating ECAs, Dignity Health or its Authorized Vendor will do all of the following:

1. Provide the patient with a written notice (“ECA Notice”) that will:
 - (a) Indicate that Financial Assistance is available for eligible individuals;
 - (b) Identify the ECA(s) that the hospital facility or Authorized Vendor intends to initiate to obtain payment for the care;
 - (c) State a deadline after which such ECA(s) may be initiated that is no earlier than 30 days after the date that the written ECA notice is provided;
 - (d) Include the following statement or any further statement required by an amendment to California Health & Safety Code § 127430: “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.”;
 - (e) Include a statement that nonprofit credit counseling services may be available in the area.
2. Provide the patient with Dignity Health’s plain language summary of the Financial Assistance Policy with the written ECA Notice described in section V.D.1 above.

3. Make a reasonable effort to orally notify the patient about Dignity Health’s Financial Assistance Policy and how the patient may obtain assistance submitting a Financial Assistance application.

E. Translations

All billing and collection notices, along with legally-required communications regarding such notices, will be translated into the primary languages spoken in the community that the facility serves and translations will be made available upon request.

F. Authorized Vendors

Dignity Health may use Authorized Vendors to produce and send letters, notices, and/or bills or other statements to patients regarding amounts owed by the patient and to contact patients regarding payment of their unpaid bills. All Authorized Vendors will comply with this Billing and Collection Policy and Dignity Health’s standard procedures relating to all such communications.

G. Interest

Dignity Health will charge interest on unpaid bills beginning after the accounts have been referred to a Collection Agency. The charging of interest on any unpaid bill is not an ECA and is not considered a collection action subject to the restrictions described below.

H. Extraordinary Collection Actions (ECAs)

Dignity Health or its Authorized Vendors may employ the following ECAs, subject to any restrictions described below:

1. Credit Reporting.
 - a) For patients eligible for Financial Assistance under Dignity Health’s Financial Assistance Policy, neither Dignity Health nor any of its Authorized Vendors will report adverse information to a consumer credit reporting agency for non-payments at any time prior to 150 days after the date of the first post-discharge billing statement.
2. Civil Actions (e.g., litigation, debtor’s exams).
 - (a) For Uninsured Patients or Patients with High Medical Costs (as defined in Dignity Health’s Financial Assistance Policy), neither Dignity Health nor any of its Authorized Vendors will commence civil action for non-payments at any time prior to 150 days after the date of the first post-discharge billing statement.

- (b) This restriction does not preclude Dignity Health facilities from pursuing reimbursement from third-party liability settlements, tortfeasors, or other legally responsible parties.
 - (c) The costs, including attorneys fees, associated with any legal action that Dignity Health or its Authorized Vendors is required to take may also be the responsibility of the patient.
3. Renewal of Existing Judgments.
4. Property Liens.
- (a) Dignity Health and its Authorized Vendors that are affiliates or subsidiaries of Dignity Health will not place liens on the primary residence of a patient eligible for Financial Assistance under the Financial Assistance Policy as a means of collecting unpaid hospital bills.
 - (b) Authorized Vendors that are not affiliates or subsidiaries of Dignity Health will not notice or conduct a sale of the primary residence of a patient eligible for Financial Assistance under the Financial Assistance Policy as a means of collecting unpaid hospital bills.
5. Wage Garnishments.
- (a) Dignity Health or its Authorized Vendors that are affiliates or subsidiaries of Dignity Health will not file a writ of garnishment against a patient eligible for Financial Assistance under the Financial Assistance Policy as a means of collecting unpaid hospital bills.
 - (b) Dignity Health's Authorized Vendors that are not affiliates or subsidiaries of Dignity Health will not file a writ of garnishment against a patient eligible for Financial Assistance under the Financial Assistance Policy, unless such writ is by order of the court upon noticed motion, supported by a declaration filed by the movant identifying the basis for which it believes the patient has the ability to make payments on the judgment under the wage garnishment.
 - (c) Wage garnishment amounts will not exceed limits permitted under State laws.

I. Timeline for Billing & Collections

1. Dignity Health and its Authorized Vendors will send each patient or guarantor a bill for unpaid hospital charges complying with the requirements described above after discharge. Dignity Health may also send follow-up statements periodically thereafter.
2. 120 days after the date of the first post-discharge bill (for the most recent episode of care, if there are multiple episodes covered by a single bill and for which the patient receives a single ECA Notice), the account may be referred to an Authorized Vendor which is a Collection Agency. Prior to referral to the Collection Agency, Dignity Health or its Authorized Vendor will provide the patient with an ECA Notice, as described above.
3. 240 days after the first post-discharge bill is provided, the Financial Assistance Application Period closes and thereafter, Dignity Health may choose not to accept Financial Assistance applications.

J. Timeline Extensions and Payment Arrangements

1. Suspension of ECAs for incomplete Financial Assistance applications. If a patient submits an incomplete Financial Assistance application during the Application Period, Dignity Health will:
 - (a) Provide the patient with written notice describing the information needed to complete the Financial Assistance application, including contact information for the Dignity Health office that can provide information about the Financial Assistance Policy and for the hospital office, a nonprofit organization or government agency that can assist with Financial Assistance applications, and
 - (b) Cease to initiate any ECAs or to take further action on any previously-initiated ECAs until the patient has failed to respond to requests for additional information / documentation within 30 days.
2. Suspension of ECAs for processing of complete Financial Assistance applications.
 - (a) If a patient with unpaid bills fully completes a Financial Assistance application (either initially or by amending an incomplete application within the reasonable period of time allotted) and timely submits all of the required documentation after an ECA has been initiated, Dignity Health and its Authorized Vendors will cease to initiate any ECAs or to take further action on any previously-initiated ECAs until an eligibility determination is made as to the patient's Financial Assistance application.

- (b) If the patient is determined to be eligible for Financial Assistance under the Financial Assistance Policy, any amount over an amount stated in the Internal Revenue Bulletin (this amount is currently \$5, but is subject to change) that he or she has paid for Eligible Services in excess of the adjusted amount pursuant to the Financial Assistance Policy will be refunded and Dignity Health will take all reasonably available measures to reverse any ECA undertaken.
- (c) If Dignity Health determines the patient is eligible for Financial Assistance, it will also provide the patient with a billing statement indicating the amount owed as a Financial Assistance-eligible patient, how that amount was determined and how the patient can obtain information regarding the amounts billed.

3. Extended Payment Plans

- (a) If a patient is eligible for Discounted Care because the Patient's Family Income is between 200-350% of the FPL, then upon request, Dignity Health will provide an extended payment plan, which will allow payment of the discounted price over time. Dignity Health and the patient shall negotiate the terms of the payment plan, and take into consideration the Patient's Family Income and Essential Living Expenses. If the hospital and the patient cannot agree on the payment plan, the hospital shall implement a Reasonable Payment Plan.
- (b) If a patient is eligible for Discounted Care because the Patient's Family Income is between 350-500% of the FPL, then upon request, Dignity Health will provide an extended payment plan that allows for the payment of the discounted amount over not more than a 30-month period.
- (c) In all other cases, Dignity Health or its Authorized Vendor will seek to negotiate an extended payment plan that is acceptable to both Dignity Health and the patient.
- (d) Extended payment plans offered by Dignity Health to assist patients eligible for Financial Assistance will be interest-free.
- (e) Dignity Health or an Authorized Vendor may declare an extended payment plan no longer operative after the patient's failure to make all consecutive payments due during a 90-day period. Before declaring the extended payment plan no longer operative, Dignity Health or any Authorized Vendor will:
 - (i) Make a reasonable attempt to contact the patient by telephone, and to give written notice that the extended payment plan may become inoperative, and of the opportunity to renegotiate the extended payment plan; and

- (ii) Attempt to renegotiate the terms of the defaulted extended payment plan, if requested by the patient.
- (f) Dignity Health or any Authorized Vendor, including a Collection Agency, will not report adverse information to a consumer credit reporting agency or commence a civil action against the patient or responsible party for nonpayment before the extended payment plan is declared to be no longer operative. The notice and telephone call to the patient described above may be made to the last known telephone number and address of the patient.

K. Bankruptcy Accounts

- 1. Upon receipt of a bankruptcy notification, Dignity Health will cease all collection attempts, including assignment to a Collection Agency. The patient/debtor will not be contacted by any method, including phone calls, letters, or statements after receipt of the notification. All communication, if necessary, must occur with the trustee or the attorney assigned to the case.

L. Defining Collection Agency Practices

- 1. Standards: Dignity Health shall define the Dignity Health values-based standards and scope of practices to be used by their Authorized Vendors and obtain written agreements from such Authorized Vendors that they will adhere to such standards and scope of practices. This includes requiring Authorized Vendors to comply with The Fair Debt Collection Practices Act (FDCPA) and all applicable state and federal laws, including Health & Safety Code §127400, et seq. and IRC §501(r) and associated regulations.
- 2. Approach: Authorized Vendors must make reasonable attempts to work with a patient with unpaid bills to resolve his/her account. Aggressive or unethical collection practices are not tolerated by Dignity Health.

VI. REFERENCES

- A. Dignity Health Governance Policy #9.102, *Financial Assistance Policy – Arizona*
- B. Dignity Health Governance Policy #9.103, *Financial Assistance Policy - California*
- C. Dignity Health Governance Policy #9.104, *Financial Assistance Policy - Nevada*
- D. Dignity Health Governance Policy #9.100, *Emergency Medical Care / Emergency Medical Treatment and Labor Act (EMTALA) Policy*
- E. Dignity Health Administrative Policy #70.2.001, *Administrative Discounts Policy*