

# Board Meetings

## Special Meeting - March 10, 2025

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## NOTICE

### NORTHERN INYO HEALTHCARE DISTRICT BOARD OF DIRECTORS SPECIAL MEETING

March 10, 2025 at 5:00 pm

The Board meets in person at 2957 Birch Street Bishop, CA 93514. Members of the public will be allowed to attend in person or via Zoom. Public comments can be made in person or via Zoom.

TO CONNECT VIA ZOOM: (A link is also available on the NIHD Website)  
<https://zoom.us/j/213497015?pwd=TDIIWXRuWjE4TlY2YVFWbnF2aGk5UT09>  
Meeting ID: 213 497 015  
Password: 608092

PHONE CONNECTION:  
888 475 4499 US Toll-free  
877 853 5257 US Toll-free  
Meeting ID: 213 497 015

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1. Call to Order at 5:00 pm
2. Public Comment: At this time, members of the audience may speak only on items listed on the Notice for this meeting, and speakers will be limited to a maximum of three minutes each. The Board is prohibited from generally discussing or taking action on items not included on this Notice.
3. New Business:
  - a. Financial Assistance and Charity Care Policy – *Action Item*
  - b. Bad Debt Policy – *Action Item*
4. Adjournment

*In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District Board meeting, please contact administration at (760) 873-2838 at least 24 hours prior to the meeting.*



**NORTHERN INYO HEALTHCARE DISTRICT  
NON-CLINICAL POLICY**

**Title: Financial Assistance and Charity Care Policy**

|  |                                    |
|--|------------------------------------|
| Owner: Chief Executive Officer             | Version: 4                         |
| Department: Revenue Cycle                  | Scope: District Wide               |
| Date Last Modified: 01/10/2024             | Last Review Date: 01/24/2025       |
| Final Approval by: NIHD Board of Directors | Original Approval Date: 02/15/2017 |

|  |   |   |
|--|---|---|
| <b>Title: Financial Assistance and Charity Care Policy</b> |   |   |
| <b>Owner: Chief Executive Officer</b>                      |   | <b>Department: Administration</b>         |
| <b>Scope: District Wide</b>                                |   |   |
| <b>Date Last Modified:<br/>01/10/2024</b>                  | <b>Last Review Date:<br/>01/24/2025</b> | <b>Version: 3</b>                         |
| <b>Final Approval by: NIHD Board of Directors</b>          |   | <b>Original Approval Date: 02/15/2017</b> |

**PURPOSE:**

To ensure low income, uninsured, and under-insured patients’ and families’ financial capacity does not prevent them from seeking or receiving care. Northern Inyo Healthcare District (NIHD) provides medically necessary financial assistance and charity care to all eligible patients pursuant to the guidance in this policy. This Financial Assistance Policy is designed to satisfy the requirements of Section 501(r) of the Internal Revenue Code, California Health & Safety Code sections 127400-127466 et seq., and the Department of Health and Human Services Office of Inspector General guidance regarding financial assistance to uninsured and underinsured patients.

This policy is intended to:

- Define the forms of available Financial Assistance and the associated eligibility criteria;
- Establish the processes that patients shall follow in applying for Financial Assistance and the process the hospital will follow in reviewing applications for Financial Assistance;
- Provide a means of review in the event of a dispute over a Financial Assistance determination;
- Provide administrative and accounting guidelines to assist with identifying, classifying and reporting Financial Assistance;
- Establish the process that NIHD shall follow to provide to patients an estimate of financial responsibility for services; and
- Define the discounts available to patients for hospital inpatient and outpatient services performed at NIHD.

This policy is not intended to waive or alter any contractual provisions or rates negotiated by and between NIHD and a third party payer, nor is the policy intended to provide discounts to a non-contracted third party payer or other entities that are legally responsible to make payment on behalf of a beneficiary, covered person or insured.

access to the Financial Assistance and Charity Care Program mandated by California **Health and Safety Code Section (CA HSC) 127400-127446.**

## **DEFINITIONS:**

**-Covered Services:** Covered Services are all services that are medically necessary except those services that are Elective Services requiring prior administrative approval as defined below are not Covered Services.

**Emergent Care:** Emergent Care is any service as deemed life threatening, potential loss of limb or disability if care is delayed (typically service starts in the emergency department and the patient is not discharged until Emergent Care is rendered).

**Elective Services Requiring Prior Administrative Approval:** Due to their unique nature, certain non-emergent services require administrative approval prior to admission and the provision of service. Generally, patients who seek complex, specialized, or high- cost services (e.g. experimental procedures, transplants, cosmetic procedures) must receive administrative approval prior to the provision of services. Patients seeking to receive such services are not eligible for Full Charity Care, Partial Charity Care, Catastrophic Charity Care, or High Medical Cost Charity Care unless hospital administration makes an exception (only Inyo County residents will be considered). NIHD shall develop a process for Inyo County resident patients to seek prior administrative approval for services. If a patient receives a service that requires prior administrative approval without obtaining prior approval, the patient shall receive Partial Charity Care or High Medical Cost Charity Care if they are eligible under this policy, or if they are not eligible, they shall receive an Uninsured Patient Discount.

**Uninsured Patient:** An Uninsured Patient is a patient who has no source of payment for any portion of their medical expenses, including without limitation, commercial or other insurance, government sponsored healthcare benefit programs or third party liability, or whose benefits under insurance have been exhausted prior to the admission. Patients without coverage may be screened for eligibility for state and federal governmental programs.

**Primary Language of NIHD Service Area:** The primary language of the NIHD local population is English.

CA HSC 127400: As used in this article, the following terms have the following meanings:  
(a) "Allowance for financially qualified patient," means, with respect to services rendered to a financially qualified patient, an allowance that is applied after the District's charges are imposed on the patient, due to the patient's determined financial inability to pay the charges.

(b) "Federal poverty level (FPL)" means 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.

(c) "Financially qualified patient" means a patient who is both of the following:

(1) A patient who is a self-pay patient, as defined in subdivision (f), or a patient with high medical costs, as defined in subdivision (g).

~~(2) A patient who has a family income that does not exceed 400 percent of the federal poverty level.~~

~~(d) "Hospital" means a facility that is required to be licensed under subdivision (a), (b), or (f) of Section 1250, except a facility operated by the State Department of State Hospitals or the Department of Corrections and Rehabilitation. Northern Inyo Healthcare District includes a hospital and clinics, referred to as "the District".~~

~~(e) "Department" means the Department of Health Care Access and Information.~~

~~(f) "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 workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital"~~

~~(g) "A patient with high medical costs" means a person whose family income does not exceed 400 percent of the federal poverty level, as defined in subdivision (b). For these purposes, "high medical costs" means any of the following:~~

~~(1) Annual out-of-pocket costs incurred by the individual at the Healthcare District that exceed the lesser of 10 percent of the patient's current family income or family income in the prior 12 months.~~

~~(2) Annual out-of-pocket expenses that exceed 10 percent of the patient's 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.~~

~~(3) A lower level determined by NIHD in accordance with the District's Financial Assistance and Charity Care policy.~~

~~(h) "Patient's family" means the following:~~

~~(1) For persons 18 years of age and older, 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.~~

~~(2) For persons under 18 years of age, parent, caretaker relatives, and other children under 21 years of age of the parent or caretaker relative.~~

~~(i) "Reasonable payment plan" means monthly payments that are not more than 10 percent of a patient's family income for a month, excluding deductions for essential living expenses. "Essential living expenses" means, for purposes of this subdivision, 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 child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs, installment payments, laundry and cleaning, and other extraordinary expenses.~~

**POLPatient's Family:** A Patient's Family includes the patient and: For persons 18 years of age and older, a spouse, domestic partner, as defined in Section 297 of the California Family Code, and dependent children under 21 years of age, whether living at home or not. For persons under 20 years of age, a parent, caretaker relatives, and other children under 21 years of age of the parent or caretaker relative. Disabled family members over the age of 18.

**Family Income:** Family income is annual family earnings from the prior 12 months or prior tax year as shown by recent pay stubs or income tax returns, less payments made for alimony and child support. Proof of earnings may be determined by annualizing year-to-date family income, giving consideration for current earning rates.

**High Medical Costs:** Includes either of the following:

- Annual out-of-pocket costs incurred by the individual at the hospital that exceed the lesser of 10 percent of the patient's current family income or family income in the prior 12 months.
- Annual out-of-pocket expenses that exceed 10 percent of the patient's 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.
- Out-of-pocket costs and expenses mean any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing.

**Federal Poverty Guidelines:** The measure of income level published annually by the United States Department of Health and Human Services and is used by hospitals for determining eligibility for Financial Assistance. These guidelines are available at <https://aspe.hhs.gov/topics/poverty-economicmobility/poverty-guidelines>

### 2025 Federal Poverty Level (FPL) Guidelines

|                         | 100 % Full Charity Care | 90 % Charity Care | 80 % Charity Discount | 70 % Charity Discount | 60 % Charity Discount | 55 % Charity Discount |
|-------------------------|-------------------------|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Family Size (Household) | Annual 100% FPL         | Annual 200% FPL   | Annual 250% FPL       | Annual 300% FPL       | Annual 350% FPL       | Annual 400% FPL       |
| -                       | -                       | -                 | -                     | -                     | -                     | -                     |
| 1                       | \$15,060                | \$30,120          | \$37,650              | \$45,180              | \$52,710              | \$60,240              |
| 2                       | \$20,440                | \$40,880          | \$51,100              | \$61,320              | \$71,540              | \$81,760              |
| 3                       | \$25,820                | \$51,640          | \$64,550              | \$77,460              | \$90,370              | \$103,280             |
| 4                       | \$31,200                | \$62,400          | \$78,000              | \$93,600              | \$109,200             | \$124,800             |
| 5                       | \$36,580                | \$73,160          | \$91,450              | \$109,740             | \$128,030             | \$146,320             |
| 6                       | \$41,960                | \$83,920          | \$104,900             | \$125,880             | \$146,860             | \$167,840             |
| 7                       | \$47,340                | \$94,680          | \$118,350             | \$142,020             | \$165,690             | \$189,360             |
| 8                       | \$52,720                | \$105,440         | \$131,800             | \$158,160             | \$184,520             | \$210,880             |

|                            |         |          |          |          |          |          |
|----------------------------|---------|----------|----------|----------|----------|----------|
| For each additional member | \$5,380 | \$10,760 | \$13,450 | \$16,140 | \$18,830 | \$21,520 |
|----------------------------|---------|----------|----------|----------|----------|----------|

**POLICY:**

**Financial Assistance is available to eligible patients who receive Covered Services and who follow applicable procedures (such as completing applications and providing required information).**

**Financial Assistance:** The term Financial Assistance refers to Full and Partial Charity Care, Special Circumstance Charity Care, Catastrophic Charity Care and High Medical Cost Charity Care, Uninsured Patient Discount and Extended Payment Plan.

**A. Full Charity Care:** Full Charity Care is free care which is a *complete* write-off of the hospital's undiscounted charges for Covered Services. Full Charity Care is available to patients whose Family Incomes are at or below 100% of the most recent Federal Poverty Income guidelines.

**B. Partial Charity Care:** Partial Charity Care is any charge for care that is reduced but not free which is a *partial* write-off of undiscounted charges for Covered Services. NIHD shall provide a 40% - 90% discount on services that are not already discounted to patients whose Family Incomes are between 201% - 400% of the most recent Family Federal Poverty Income Guidelines.

**C. Special Circumstances Charity Care:** NIHD reserves the discretion to grant circumstantial eligibility based on an objective, good faith determination of financial need, taking into account the individual patient's circumstances, the local cost of living, a patient's income, a patient's family size, and/or the scope and extent of a patient's medical bills, based on reasonable methods to determine financial need. Special Circumstances Charity Care allows Uninsured Patients who do not meet the Financial Assistance criteria set forth in section 1 or 2, above, or who are unable to follow specified hospital procedures, to receive a complete or partial writeoff of the hospital's undiscounted charges for Covered Services with the approval of the NIHD Chief Financial Officer ("CFO"), or designee. The hospital must document the decision, including the reasons why the patient did not meet the regular criteria. The following is a non-exhaustive list of some situations that may qualify for Special Circumstances Charity Care:

- a. *Bankruptcy:* Patients who are in bankruptcy or recently completed bankruptcy (i.e., discharge of debtor);
- b. *Indigent Patients:* patients without a payment source if they do not have a job, mailing address, residence, or insurance.
- c. *Deceased:* Deceased patients without insurance, an estate or third party coverage.
- d. *Medicare:* Income-eligible Medicare patients may apply for Financial Assistance for denied stays, denied days of care, non-covered services and Medicare cost shares;
- e. *Medi-Cal:* Income-eligible Medi-Cal patients may apply for Financial Assistance for denied stays, denied days of care, non-covered services, and share of cost. Persons

eligible for programs such as Medi-Cal but whose eligibility status is not established for the period during which the medical services were rendered may apply for Financial Assistance

**D. Catastrophic Charity Care:** Catastrophic Charity Care is a partial write-off of an Uninsured Patient's financial responsibility for Covered Services that is applied when an Uninsured Patient's financial responsibility exceeds 30% of their Family Income. Patients eligible for Catastrophic Charity Care will receive a full write-off of their undiscounted charges for Covered Services that exceed 30% of their Family Income.

*Uninsured Patient's financial responsibility for undiscounted charges for Covered Services] - [Family Income \* 30%] = Catastrophic Charity Care writeoff.*

**E. High Medical Cost Charity Care (for Insured Patients):** High Medical Cost Charity Care for Insured Patients ("High Medical Cost Charity Care") is a full write-off of the hospital's undiscounted charges for Covered Services. High Medical Cost Charity Care is not available for patients receiving services that are already discounted (e.g., package discounts for cosmetic services).. This discount is available to insured patients who meet the following criteria:

- a. The patient's Family Income is less than 400% of the Family Federal Poverty Income guidelines; The Patient has High Medical Costs as defined in this Policy.; and
- b. The patient's insurer has not provided a discount off the patient's bill (i.e., the patient is responsible to pay undiscounted charges).

**F. Uninsured Patient Discount:** The Uninsured Patient Discount is an adjustment of 30% of the hospital's undiscounted charges for Covered Services taken at the time an Uninsured Patient is billed for the hospital services rendered. The Uninsured Patient Discount does not apply to patients who qualify for charity care or receive services that are already discounted. Patients who are responsible for a hospital bill not covered or discounted by any type of insurance or governmental program, or whose benefits under insurance have been exhausted prior to admission are eligible for an Uninsured Discount if the patient or the patient's guarantor verifies that he or she is not aware of any right to insurance or government program benefits that would cover or discount the bill. Insurance in this case includes but is not limited to any HMO, PPO, indemnity coverage, or consumer-directed health plan.

**G. Extended Payment Plan:** On any Partial Charity care, Uninsured Patient Discounts, or High Medical Cost Charity Care, the hospital will allow payments of the discounted price over time. The hospital and the patient may 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 must use the statutory formula to create a reasonable payment plan, defined as monthly payments that are not more than 10 percent of a patient's family income for a month, excluding deductions for essential living expenses.

**H. Caps on Patient Liability:** NIHD shall limit expected payments for patients, whose Family Income is at or below 400% of the federal poverty level, for services to the highest amount the hospital would expect, in good faith, to receive from Medicare or Medi-Cal, whichever is



greater. If the hospital provides a service for which there is no established payment by Medicare or Medi-Cal, the hospital shall establish an appropriate discounted payment. Consistent with Section 501(r)(5) of the Internal Revenue Code, this amount is always lower than the amount generally billed.

## **PROCEDURES**

### **A. Applying for Financial Assistance:**

- a. A patient who indicates the financial inability to pay a bill for Covered Service shall be evaluated for Financial Assistance.
- b. The NIHD standardized application form, “Financial Assistance Application”, will be used to document each patient’s overall financial situation. This application shall be available in the primary language(s) of the NIHD service area. Documents and information required to consider eligibility are: Income tax returns (preferred) or pay check stubs, or for complete 100% charity care, unemployment/disability payment stubs. Any information obtained as part of the Financial Assistance Application shall not be used for collection activities.
- c. If an application for Financial Assistance is received but is incomplete, NIHD will contact the patient outlining what is missing from the application. If the additional information is not received within a reasonable time frame, NIHD will send a denial letter to the patient stating that the application was not complete and the missing information was not received.

### **B. Financial Assistance Determination:**

#### **a. Determination Process:**

- i. NIHD will consider each applicant’s Financial Assistance Application and grant financial assistance where the patient meets eligibility requirements and has received (or will receive) Covered Service(s).
- ii. Eligibility for discounted payments or charity care may be determined at any time the District is in receipt of the information specified in section A of this procedure.
- iii. All open accounts within the first 6 months of initial billing statement shall be considered for Charity Care and/or discounted payment once the *Financial Assistance application* has been approved or denied.
- iv. NIHD will not make Partial Charity Care Financial Assistance approval contingent upon a patient applying for governmental program assistance.
- v. NIHD will require Full Charity Care patients to apply for governmental program assistance and application will be pending until proof of determination has been submitted.
- vi. Many applicants are not aware that they may be eligible for assistance such as Medi-Cal, the Healthy Families Program, Victims of Crime, California Children Services or Covered California.
- vii. NIHD can assist the individual in determining if they are eligible for any governmental or other assistance.

viii. Where administrative approval is required, the hospital will consider the request for service in a timely fashion and provide a response to the request in writing.

**b. Uncooperative Patients and Non-Compliant Patients:**

i. Uncooperative and Non-compliant patients are defined as unwilling to disclose any financial information as requested for Full or Partial charity care determination during the application process. In these cases, the account will not be processed as charity care. The patient will be advised that unless they comply and provide the information, no further consideration will be given for charity care processing, and standard accounts receivable follow-up will begin.

**c. Presumptive Eligibility**

i. NIHD understands that certain patients may be unable to complete a Financial Assistance application, comply with requests for documentation, or otherwise be non-responsive to the application process. As a result, there may be circumstances under which a patient's qualification for Financial Assistance may be established without completing the formal assistance application. Under these circumstances, NIHD may utilize other sources of information to make an individual assessment of financial need to determine whether the individual is eligible for Financial Assistance. This information will enable NIHD to make an informed decision on the financial need of non-responsive patients utilizing the best estimates available in the absence of information provided directly by the patient.

ii. NIHD uses an automated financial screening tool that produces a fair and balanced, real-time determination of a patient's charity potential and propensity to pay. NIHD Credit and Billing Department will have access to this service with credit information pulled from Experian to be used to help determine if a patient is eligible for charity care/financial assistance. The financial counselor is authorized to access the patient's credit information for the sole purpose of determining eligibility for charity care/financial assistance. This information is strictly confidential and is to be used only by Credit and Billing Department, the Revenue Cycle Management Director and the CFO in conjunction with the charity care/financial assistance policy of NIHD to determine eligibility.

**C. Notice of Determination:**

a. **Timeline for determining eligibility:** While it is desirable to determine the amount of financial assistance for which a patient is eligible as close to the time of service as possible, there is no rigid limit on the time when the determination is made. In some cases, eligibility is readily apparent while in other cases further investigation is required to determine eligibility. In some cases, a patient eligible for Financial Assistance may not have been identified prior to initiating external collection action. NIHD's external collection agency shall be made aware of this policy so that the agency knows to refer back to the hospital patient accounts that may be eligible for Financial Assistance

a. **Notification Letter:** Once a Full or Partial Charity Care, Catastrophic Charity Care, or High Medical Cost Charity Care determination has been made, a "Charity ICHY: Northern Inyo Healthcare District (NIHD) will provide healthcare access to individuals who are uninsured, under insured, or who have high medical costs. This is available for medically-

necessary service/care. Federal Poverty Level Guidelines (FPL) for income will be the basis of eligibility for NIHD's Financial Assistance and Charity Care Program. The Notice of Available Charity and Discount Services included in this policy will be updated annually when FPL is released; using 400 percent of the government poverty income level for free, discounted, or financed care. NIHD will offer financing arrangements to ease the burden of healthcare costs. The following criteria will be followed for determining the level and type of assistance:

Eligibility criteria will be the applicant's, applicant's family, or entire household gross income, including alimony, child support, financial support of absent parent, and all other income from whatever source derived, coupled with household size.

Income from whatever source derived will be used to consider the applicant's level of responsibility. The following indicates the amount and type of assistance available:

When the total income is at or below 100% of the FPL, NIHD will offer free care through the Financial Assistance and Charity Care application and approval process;

When the total income is above 100% and equal to or lower than 200%, NIHD will offer a 25% discount and long-term financing through the Financial Assistance and Charity Care application and approval process;

When the total income is above 200% and equal to or lower than 250%, NIHD will offer a 20% discount and long-term financing through the Financial Assistance and Charity Care application and approval process;

When the total income is above 250% and equal to or lower than 300%, NIHD will offer a 15% discount and long-term financing through the Financial Assistance and Charity Care application and approval process;

When the total income is above 300% and equal to or lower than 350%, NIHD will offer a 10% discount and long-term financing through the Financial Assistance and Charity Care application and approval process;

When the income is above 350% and equal to or lower than 400%, NIHD will offer a 5% discount and long-term financing through the Financial Assistance and Charity Care application and approval process;

When the total income is above 400%, NIHD will offer long-term financing through the Financial Assistance and Charity Care application and approval process;

Monetary assets will be considered in the determination of eligibility. For purposes of this determination, monetary assets shall not include retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans. Furthermore, the first ten thousand dollars (\$10,000) of a patient's monetary assets shall not be counted in determining eligibility, nor shall 50 percent of a patient's monetary assets over the first ten thousand dollars (\$10,000) be counted in determining eligibility.

Verification of the patient's household income may consist of, but not limited to, the following applicable documents:

Paycheck stubs for current three months;

~~Unemployment payment stubs;~~

~~Disability payment stubs;~~

~~Bank statements for current three months;~~

~~Copy of current or previous year income tax return;~~

~~Copy of currently approved letter or denied letter from the local social service assistance program (Medi-Cal).~~

~~Should the applicant have no source of income, inquiry will be made as to how the patient supports him or herself.—~~

~~All other resources of coverage will first be sought. This includes, but is not limited to, any available local social service assistance program such as Medi-Cal and CCS (California Children's Services); Medicare; Insurance; employer provided or offered health plan; Inyo County Medical Services Program (CMSP); other available third party sources; participation in the Affordable Care Act.~~

~~Individuals without insurance will be assisted in following the Affordable Care Act, participating in "Open" Enrollment.~~

~~Written denial is required for applicants not eligible for assistance through their local department of social services or Medicaid programs.—~~

~~Should an applicant be eligible for Medi-Cal or other State's Medicaid programs with a Share of Cost, the applicant may NOT be entitled to the Financial Assistance and Charity Care Program to assist with meeting Share of Cost responsibilities.— Once their Share of Cost is satisfied, the applicant's Medi-Cal will be accepted as payment for covered services.~~

~~Failure to comply with timely application, (60 days from discharge date) for local social service assistance programs, or failure to complete the application for available local social service assistance programs may be a basis for denial of the NIHD Financial Assistance and Charity Care Program.—~~

~~To sustain eligibility, NIHD Financial Assistance and Charity Care recipients will be required to submit a new Financial Assistance and Charity Care application every twelve months, including new application to available local social service assistance programs.—~~

~~If any information given proves to be untrue, NIHD reserves the right to re-evaluate the application and take whatever action becomes appropriate up to disqualification and revocation of Financial Assistance and Charity Care.—~~

~~Efforts to identify patient's qualification for NIHD Financial Assistance and Charity Care Program will be initiated upon receipt of the completed application and ALL supporting documents not to exceed (6) Six months from self-pay balance first statement.~~

~~Conditional qualification may be made in cases where eligibility for other available assistance programs has not yet been determined.~~

~~Individuals who do not respond to notices of Charity or Discount services, who do not respond to billing and collection efforts, and their accounts are subsequently assigned to Bad Debt and~~

~~an outside collection agency will not be eligible for NIHD's Financial Assistance and Charity Care program adjustments.~~

~~Financial Assistance and Charity Care denials for patients based upon their income may become subsequently approved should their income change following their original determination based on additional supplied information. Subsequent determinations will not result in a refund of prior payments.~~

~~Effect of the determination of eligibility will not be open-ended. Charity status may be reviewed at any time during the covered time period, not to exceed one year.~~

~~Included in the initial billing (patient statement) of the uninsured individuals, will be the NORTHERN INYO HEALTHCARE DISTRICT REQUEST FOR HEALTH COVERAGE INFORMATION / NORTHERN INYO HEALTHCARE DISTRICT NOTICE OF OTHER COVERAGE PROGRAMS / and FINANCIAL ASSISTANCE AND CHARITY CARE SERVICES (included in this policy).~~

~~Post notices of NIHD's Financial Assistance and Charity Care & Discount Payment Program in all patient care areas, waiting rooms and reception areas as well as the Credit (payment) and Billing Information Office. This will include the Rural Health Clinic and all Northern Inyo Associates Offices.~~

~~Applications for the NIHD Financial Assistance and Charity Care Services will be available through Northern Inyo Healthcare District Administration, Social Services Department, and the Credit and Billing Information Office.~~

~~The application will include the patient's or applicant's complete name; address; telephone number; social security number; employer; family size; income as described above; service rendered/requested; date of service; applicant's signature; and space for eligibility determination.~~

~~The Credit & Billing Information Staff will process complete applications within ten (10) business days.~~

~~Send the applicant a final determination by the US mail.~~

~~b. <https://healthconsumer.org> for additional assistance. Notification Letter" will be sent to each applicant advising them of the NIHD decision.~~

~~c. **Dispute Resolution:** In the event of a dispute over the application of this policy, a patient may seek review from the hospital by notifying the NIHD CFO, Compliance Officer (760) 873-2022, or designee at (760) 873-2097, of the basis of any dispute and the desired relief. Written communication should be submitted within thirty (30) days of the patient's notice of the circumstances giving rise to the dispute. The CFO or designee shall review the concerns and inform the patient of any decision in writing.~~

#### **D. Communication of Financial Assistance Availability:**

~~a. **Information Provided to Patients:** During preadmission or registration (or as soon thereafter as practicable) NIHD shall offer:~~

~~i. Patients information regarding the charity care and discount policy.~~

- ii. Patients the NIHD standardized financial assistance application.
- iii. Any and all applications for Coverage that the patient may qualify for such as Medi-Cal, the Healthy Families Program, Victims of Crime, California Children Services or Covered California.

If the patient is not able to receive this information at the time of service, it shall be provided during the discharge process. If the patient is not admitted, this information shall be provided when the patient leaves the facility. If the patient leaves the facility without receiving this information, the hospital shall mail it to the patient within 72 hours of providing services.

- b. **Postings and Other Notices:** Information about Financial Assistance shall also be provided through clearly and conspicuously posted notices in in locations that are visible to the public, including but not limited to the emergency department, billing office, admitting office, and other hospital outpatient service settings. This information shall also be available at <https://www.nih.org/bill-pay-insurance/>.
- c. **Applications Provided at Discharge:** If not previously provided, NIHD shall provide uninsured Patients with applications for Medi-Cal, Healthy Families, California Children's Services, and/or Covered California.
- d. **Notification to Uninsured Patients of Estimated Financial Responsibility:** Except in the case of emergency services, NIHD is required by law to provide all Uninsured Patients a good faith estimate of financial responsibility for hospital services. Estimates shall be written and provided during normal business hours. Estimates shall provide the patient with an estimate of the amount the NIHD 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 the average length of stay and services provided for the patient's diagnosis.
- e. **Reimbursement of Excess Payment:** The hospital shall reimburse the patient or patients any amount actually paid in excess of the amount due including interest. Interest owed by the hospital to the patient shall accrue at the rate set forth in Section 685.010 of the Code of Civil Procedure (7% for a Local Government Entity) beginning on the date payment by the patient is received by the hospital. However, a hospital is not required to reimburse the patient or pay interest if the amount due is less than five dollars (\$5.00). The hospital shall refund the patient within 30 days.

**E. Other:**

- a. **Billing and Collections Policy:** Actions NIHD may take in the event of nonpayment are described in a separate Billing and Collections Policy.
- b. **Where to Obtain Copies:** This Financial Assistance Policy, the Financial Assistance application, and the Billing and Collections Policy is available by calling Patient Financial Services at (760) 873-2097 and requesting a copy by mail or email, or for downloading online at <https://www.nih.org/bill-pay-insurance> Copies of policies and the application are also available at Admissions and Patient Financial Service areas of Northern Inyo Healthcare District. English and Spanish translations are available at all locations.
- c. **Languages:** All notices and communications provided shall be available in English and any other language representative of 5% of the service population and in a manner consistent with all applicable federal and state laws and regulations.

- d. **Recordkeeping:** Records relating to financial assistance must be readily accessible. NIHD must maintain information regarding the number of uninsured patients who have received service, the number of financial assistance applications completed, the number approved, the estimated dollar value of the benefits provided, the number denied and the reasons for denial. In addition, notes relating to each financial assistance application and approval or denial should be entered on the patient's account.
- e. **No Misrepresentation:** NIHD or their agents shall not misrepresent this policy to its patients or its patients' guarantors in any way.
- f. **Emergency Physicians:** An emergency physician, as defined in California Health and Safety Code §127450, who provides emergency medical services at NIHD that provides emergency care is also required by law to provide discounts to uninsured patients or patients with high medical costs who are at or below 400 percent of the federal poverty level.
- g. **Submission to HCAI:** NIHD shall upload copies of this Financial Assistance Policy to the Department of Health Care Access and Information or "HCAI" (f/k/a the Office of Statewide Health Planning and Development or "OSHPD"). Submission of the policy shall be done consistent with the manner and frequency prescribed by HCAI.
- h. **Patient Confidentiality:** All patient financial information obtained for the purposes of determining charity care, patient discounts, and billing and/or collections are required to be kept in strict confidence. Disclosure of such information is limited to those participating in the evaluation of a patient's eligibility for financial assistance. Unauthorized disclosure of a patient's confidential financial information is strictly prohibited and subject to disciplinary action to be determined by the CFO.
- i. **Contact for Information and Assistance.** Additional information about the Financial Assistance Policy and assistance with the application process can be obtained from our Patient Credit and Billing Department by:
- Calling (760) 873-2097
  - Emailing [Credit.Billing@nih.org](mailto:Credit.Billing@nih.org)
  - Visiting the Credit and Billing Information Office at Northern Inyo Hospital at 150 Pioneer Lane, Bishop, CA 93514
- j. **Shoppable Services.** The link to our Patient Price Estimator can be found at <https://nih.patientsimple.com/guest/#/index>
- k. **Hospital Bill Complaint Program.** The patient or patient's authorized representative may file a complaint through the Department's Hospital Bill Complaint Program online patient complaint portal by visiting the Department's website at [HospitalBillComplaintProgram.hcai.ca.gov](http://HospitalBillComplaintProgram.hcai.ca.gov), or by mail to the Department of Health Care Access and Information, Hospital Bill Complaint Program, located at 2020 West El Camino Avenue, Suite 1101, Sacramento, CA 95833.
- l. **Help Paying Your Bill.** There are free consumer advocacy organizations that will help you understand the billing and payment process. You may call the Health Consumer Alliance at (888) 804-3536 or go to [healthconsumer.org](http://healthconsumer.org) for more information.

- m. **Help in Your Language.** If you need help in your language, please call (760) 924-4148 or (800) 753-0414, email [Credit.Billing@nih.org](mailto:Credit.Billing@nih.org), or visit Northern Inyo Healthcare District Hospital Credit and Billing office. The office is open 8 a.m. – 4 p.m. and located at 150 Pioneer Lane in Bishop. Aids and services for people with disabilities, like documents in braille, large print, audio, and other accessible electronic formats are also available. These services are free.
- n. **Postings.** A posting titled “Help Paying Your Bill” shall be updated annually with eligibility for discounts, the current FPL and discounts, “How to Apply” notice, “Hospital Bill Complaint Program” required statement, as section titled “More Help” with information about the Health Consumer Alliance, and information on how a patient with a disability may access the notice in an accessible alternative format.

### **Responsible Department**

Implementation, training, and monitoring compliance with this policy and procedure are the responsibilities of Patient Financial Services.

### **Renewal/Review**

This policy and procedure shall be reviewed at planned intervals and evaluated as necessary, but at least every two years to determine if it complies with current recommendations, guidelines, mandates, statutes, practices, and NIHD operations. If changes are required, the policy and procedure will be updated as needed.

A copy of the published Financial Assistance Policy, and all amended or revised Policies, shall be provided to the State of California Department of Health Care Access and Information or “HCAI” (f/k/a the Office of Statewide Health Planning and Development) in accordance with HCAI state filing procedures

### **REFERENCE:**

1. California Health and Safety Code Section 127400-127446.
1. CA AB 1020
2. Title 22 of the California Code of Regulations (CCR) section 96040-96051.37, et seq.)
3. IRC 501-R
4. California Senate Bill 1061 (SB 1061)
5. Hospital Fair Pricing Act (AB 774)
6. Fair Debt Collection Practices Act (FDCPA)
7. Fair Credit Reporting Act (FCRA)
8. No Surprises Act
9. Medicare CMS Manual 15: The Provider Reimbursement Manual.
2. California Health and Safety Code Section 127400-127446.
10. CA AB 1020

### **RECORD RETENTION AND DESTRUCTION:**

Maintain all patient accounting files for fifteen (15) years.

### **CROSS REFERENCE POLICIES AND PROCEDURES:**

1. Billing and Collections
2. Price Transparency



3. Credit Balance Refund Processing
4. Prompt Pay Discounts
5. InQuiseek - #600 Financial Policies

Supersedes: v.3 Charity Care ProgramSupersedes: v.3 Charity Care Program

~~REQUEST FOR HEALTH COVERAGE INFORMATION~~

~~NOTICE OF OTHER COVERAGE PROGRAMS~~

~~OF AVAILABLE FINANCIAL ASSISTANCE AND CHARITY CARE~~

~~When you presented for your recent services, it appeared that you may not have health insurance or other coverage. If this is incorrect, please contact our Credit and Billing Information office at (760) 873-2097 at your earliest convenience to provide us with your coverage information.~~

~~If you do not have health insurance coverage, or other coverage, you may be eligible for Medicare, MediCal, CMSP, or CCS.~~

~~You may contact our Credit and Billing Information office at (760) 873-2190 or your local Social Services office for an application for MediCal.~~

~~You may obtain information from the Social Security Office regarding Medicare benefits or your local county Health Department regarding CMSP, CCS benefits.~~

~~**It is the policy of the Northern Inyo Healthcare District to provide a reasonable amount of care without, or below charge to people who are uninsured**, under insured, or with high medical costs. Individuals within the annual income requirements established below may be eligible to receive free or discounted medical care based upon income level and family size.~~

| <del>2023 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA</del> |                              |
|--|------------------------------|
| <del>Persons in family/household</del>   | <del>Poverty guideline</del> |
| <del>1</del>   | <del>\$14,580</del>          |
| <del>2</del>   | <del>\$19,720</del>          |
| <del>3</del>   | <del>\$24,860</del>          |
| <del>4</del>   | <del>\$30,000</del>          |
| <del>5</del>   | <del>\$35,140</del>          |

**2023 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA**

| <b>Persons in family/household</b>  | <b>Poverty guideline</b> |
|---|--------------------------|
| 6   | \$40,280                 |
| 7   | \$45,420                 |
| 8   | \$50,560                 |
| For families/households with more than 8 persons, add \$5,140 for each additional person. |                          |

~~Supersedes: v.3 Charity Care Program~~If you believe, you may be eligible, or if you would like more information or an application, contact the Credit and Billing Information Office, Monday – Friday 8:30a.m. – 4:30p.m. Telephone: (760) 873-2097.



**NORTHERN INYO HEALTHCARE DISTRICT  
NON-CLINICAL POLICY**

|   |                                     |            |
|---|-------------------------------------|------------|
| Title: Financial Assistance and Charity Care Policy |                                     |            |
| Owner: Director of Revenue Cycle                    | Department: Revenue Cycle           |            |
| Scope: District Wide                                |                                     |            |
| Date Last Modified:<br>03/07/2025                   | Last Review Date: No<br>Review Date | Version: 4 |
| Final Approval by: NIHD Board of Directors          | Original Approval Date: 02/15/2017  |            |

**PURPOSE:**

To ensure low-income, uninsured, and under-insured patients’ and families’ financial capacity does not prevent them from seeking or receiving care. Northern Inyo Healthcare District (NIHD) provides medically necessary financial assistance and charity care to all eligible patients pursuant to the guidance in this policy. This Financial Assistance and Charity Care Policy is designed to satisfy the requirements of Section 501(r) of the Internal Revenue Code, California Health & Safety Code sections 127400-127466 et seq., and the Department of Health and Human Services Office of Inspector General guidance regarding financial assistance to uninsured and underinsured patients.

This policy is intended to:

- Define the forms of available Financial Assistance and the associated eligibility criteria;
- Establish the processes that patients shall follow in applying for Financial Assistance and the process the hospital will follow in reviewing applications for Financial Assistance;
- Provide a means of review in the event of a dispute over a Financial Assistance determination;
- Provide administrative and accounting guidelines to assist with identifying, classifying, and reporting Financial Assistance;
- Establish the process that NIHD shall follow to provide patients an estimate of financial responsibility for services; and,
- Define the discounts available to patients for hospital inpatient and outpatient services performed at NIHD.

This policy is not intended to waive or alter any contractual provisions or rates negotiated by and between NIHD and a third-party payer, nor is it intended to provide discounts to a non-contracted third-party payer or other entities that are legally responsible for making payment on behalf of a beneficiary, covered person, or insured.

**DEFINITIONS:**

**Covered Services:** Covered Services are all services that are deemed medically necessary. Those services that are “Elective Services Requiring Prior Administrative Approval,” as defined below, are not Covered Services.

**Emergent Care:** Emergent Care is any service deemed life-threatening or potentially resulting in loss of limb or disability if care is delayed. Typically, service starts in the Emergency Department, and the patient is not discharged until Emergency Care is rendered.

**Elective Services Requiring Prior Administrative Approval:** Due to their unique nature, certain non-emergent services require administrative approval before admission and treatment. Typically, patients seeking complex, specialized, or high-cost services—such as experimental procedures, transplants, or cosmetic procedures—must obtain administrative approval before receiving care.

Patients requesting these services are not eligible for Full Charity Care, Partial Charity Care, Catastrophic Charity Care, or High Medical Cost Charity Care unless the hospital administration grants an exception. Exceptions will only be considered for Inyo County residents.

Northern Inyo Healthcare District (NIHD) will establish a process for Inyo County residents to apply for prior administrative approval. If a patient receives a service requiring prior approval without obtaining it, they will qualify for Partial Charity Care or High Medical Cost Charity Care if eligible. Otherwise, they will receive an Uninsured Patient Discount.

**Uninsured Patient:** An Uninsured Patient is a patient who has no source of payment for any portion of their medical expenses, including, without limitation, commercial or other insurance, government-sponsored healthcare benefit programs or third-party liability, or whose benefits under insurance have been exhausted prior to the admission. Patients without coverage may be screened for eligibility for state and federal governmental programs.

**Primary Language of NIHD Service Area:** The primary language of the NIHD local population is English.

**Patient's Family:** A Patient's Family includes the patient and persons 18 years of age and older, a spouse, domestic partner, as defined in Section 297 of the California Family Code, and dependent children under 21 years of age, whether living at home or not. For persons under 20 years of age, a parent, caretaker relatives, and other children under 21 years of age of the parent or caretaker relative. Disabled family members over the age of 18.

**Family Income:** Family income is annual family earnings from the prior 12 months or prior tax year, as shown by recent pay stubs or income tax returns, less payments made for alimony and child support. Proof of earnings may be determined by annualizing year-to-date family income, taking into consideration current earning rates.

**High Medical Costs:** Includes either of the following:

- Annual out-of-pocket costs incurred by the individual at the hospital that exceeds the lesser of 10 percent of the patient's current family income or family income in the prior 12 months.
- Annual out-of-pocket expenses that exceed 10 percent of the patient's 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.
- Out-of-pocket costs and expenses mean any expenses for medical care that are not reimbursed by insurance or a health coverage program, such as Medicare copays or Medi-Cal cost sharing.

**Federal Poverty Guidelines:** The measure of income levels published annually by the United States Department of Health and Human Services and is used by hospitals to determine eligibility for financial assistance. These guidelines are available at <https://aspe.hhs.gov/topics/poverty-economicmobility/poverty-guidelines>.

## 2025 Federal Poverty Level (FPL) Guidelines

|                            | 100 % Full Charity Care | 90 % Charity Care | 80 % Charity Discount | 70 % Charity Discount | 60 % Charity Discount | 55 % Charity Discount |
|----------------------------|-------------------------|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Family Size (Household)    | Annual 100% FPL         | Annual 200% FPL   | Annual 250% FPL       | Annual 300% FPL       | Annual 350% FPL       | Annual 400% FPL       |
| 1                          | \$15,060                | \$30,120          | \$37,650              | \$45,180              | \$52,710              | \$60,240              |
| 2                          | \$20,440                | \$40,880          | \$51,100              | \$61,320              | \$71,540              | \$81,760              |
| 3                          | \$25,820                | \$51,640          | \$64,550              | \$77,460              | \$90,370              | \$103,280             |
| 4                          | \$31,200                | \$62,400          | \$78,000              | \$93,600              | \$109,200             | \$124,800             |
| 5                          | \$36,580                | \$73,160          | \$91,450              | \$109,740             | \$128,030             | \$146,320             |
| 6                          | \$41,960                | \$83,920          | \$104,900             | \$125,880             | \$146,860             | \$167,840             |
| 7                          | \$47,340                | \$94,680          | \$118,350             | \$142,020             | \$165,690             | \$189,360             |
| 8                          | \$52,720                | \$105,440         | \$131,800             | \$158,160             | \$184,520             | \$210,880             |
| For each additional member | \$5,380                 | \$10,760          | \$13,450              | \$16,140              | \$18,830              | \$21,520              |

### POLICY:

**Financial Assistance is available to eligible patients who receive Covered Services and follow applicable procedures (such as completing applications and providing required information).**

**Financial Assistance:** The term Financial Assistance refers to Full and Partial Charity Care, Special Circumstance Charity Care, Catastrophic Charity Care, High Medical Cost Charity Care, Uninsured Patient Discount, and Extended Payment Plan.

- A. Full Charity Care:** Full Charity Care is free care, which is a *complete* write-off of the hospital's undiscounted charges for Covered Services. Full Charity Care is available to patients whose Family Incomes are at or below 100% of the most recent Federal Poverty Income guidelines.

**B. Partial Charity Care:** Partial Charity Care is any charge for care that is reduced but not free, which is a *partial* write-off of undiscounted charges for Covered Services. NIHD shall provide a 40%—90% discount on services that are not already discounted to patients whose Family Incomes are between 101% and 400% of the most recent Family Federal Poverty Income Guidelines.

**C. Special Circumstances Charity Care:** NIHD reserves the discretion to grant circumstantial eligibility based on an objective, good faith determination of financial need, taking into account the individual patient's circumstances, the local cost of living, a patient's income, a patient's family size, and/or the scope and extent of a patient's medical bills, based on reasonable methods to determine financial need. Special Circumstances Charity Care allows Uninsured Patients who do not meet the Financial Assistance criteria outlined in sections 1 or 2 above or who are unable to follow specified hospital procedures to receive a complete or partial write-off of the hospital's undiscounted charges for Covered Services with the approval of the NIHD Chief Financial Officer ("CFO"), or designee. The hospital must document the decision, including why the patient did not meet the regular criteria. The following is a non-exhaustive list of some situations that may qualify for Special Circumstances Charity Care:

- a. *Bankruptcy:* Patients who are in bankruptcy or recently completed bankruptcy (i.e., discharge of debtor);
- b. *Indigent Patients:* patients without a payment source if they do not have a job, mailing address, residence, or insurance.
- c. *Deceased:* Deceased patients without insurance, an estate, or third-party coverage.
- d. *Medicare:* Income-eligible Medicare patients may apply for Financial Assistance for denied stays, denied days of care, non-covered services, and Medicare cost shares;
- e. *Medi-Cal:* Income-eligible Medi-Cal patients may apply for Financial Assistance for denied stays, denied days of care, non-covered services, and share of cost. Persons eligible for programs such as Medi-Cal but whose eligibility status is not established for the period during which the medical services were rendered may apply for Financial Assistance.

**D. Catastrophic Charity Care:** Catastrophic Charity Care is a partial write-off of an Uninsured Patient's financial responsibility for Covered Services applied when an Uninsured Patient's financial responsibility exceeds 30% of their Family Income. Patients eligible for Catastrophic Charity Care will receive a complete write-off of their undiscounted charges for Covered Services that exceed 30% of their Family Income.

*[Uninsured Patient's financial responsibility for undiscounted charges for Covered Services] - [Family Income \* 30%] = Catastrophic Charity Care write-off.*

**E. High Medical Cost Charity Care (for Insured Patients):** High Medical Cost Charity Care for Insured Patients ("High Medical Cost Charity Care") is a complete write-off of the hospital's undiscounted charges for Covered Services. High Medical Cost Charity Care is not available for patients receiving already discounted services (e.g., package discounts for cosmetic services). This discount is available to insured patients who meet the following criteria:

- a. The patient's Family Income is less than 400% of the Family Federal Poverty Income guidelines; The Patient has High Medical Costs as defined in this Policy.; and
- b. The patient's insurer has not provided a discount on the patient's bill (i.e., the patient is responsible for paying undiscounted charges).

**F. Uninsured Patient Discount:** The Uninsured Patient Discount is an adjustment of 30% of the hospital's undiscounted charges for Covered Services taken when an Uninsured Patient is billed for the services rendered. The Uninsured Patient Discount does not apply to patients who qualify for charity care or receive services that are already discounted. Patients who are responsible for a hospital bill not covered or discounted by any insurance or governmental program or whose benefits under insurance have been exhausted prior to admission are eligible for an Uninsured Discount if the patient or the patient's guarantor verifies that they are not aware of any right to insurance or government program benefits that would cover or discount the bill. In this case, insurance includes but is not limited to any HMO, PPO, indemnity coverage, or consumer-directed health plan.

**G. Extended Payment Plan:** On any Partial Charity care, Uninsured Patient Discounts, or High Medical Cost Charity Care, the hospital will allow payments of the discounted price over time. The hospital and the patient may negotiate the terms of the payment plan and take into consideration the patient's family income and essential living expenses. Suppose the hospital and the patient cannot agree on the payment plan. In that case, the hospital must use the statutory formula to create a reasonable payment plan, defined as monthly payments that are not more than 10 percent of a patient's family monthly income, excluding deductions for essential living expenses.

**H. Caps on Patient Liability:** NIHD shall limit expected payments for patients, whose Family Income is at or below 400% of the federal poverty level, for services to the highest amount the hospital would expect, in good faith, to receive from Medicare or Medi-Cal, whichever is greater. If the hospital provides a service for which there is no established payment by Medicare or Medi-Cal, the hospital shall establish an appropriate discounted payment. Consistent with Section 501(r)(5) of the Internal Revenue Code, this amount is always lower than the amount generally billed.

## PROCEDURES:

### A. Applying for Financial Assistance:

- a. A patient who indicates the financial inability to pay a bill for Covered Service shall be evaluated for Financial Assistance.
- b. The NIHD standardized "*Financial Assistance Application*" form will document each patient's overall financial situation. This application shall be available in the primary language(s) of the NIHD service area. Documents and information required to consider eligibility are Income tax returns (preferred) or paycheck stubs, or for complete 100% charity care, unemployment/disability payment stubs. Any information obtained as part of the Financial Assistance Application shall not be used for collection activities.
- c. If an application for Financial Assistance is received but incomplete, NIHD will contact the patient outlining what is missing from the application. Suppose the additional information is not received within a reasonable time frame. In that case, NIHD will send



a denial letter to the patient stating that the application was incomplete and the missing information was not received.

## **B. Financial Assistance Determination:**

### **a. Determination Process:**

- i. NIHD will consider each applicant's Financial Assistance Application and grant financial assistance where the patient meets eligibility requirements and has received (or will receive) Covered Service(s).
- ii. Eligibility for discounted payments or charity care may be determined at any time the District is in receipt of the information specified in section A of this procedure.
- iii. All open accounts within the first 6 months of the initial billing statement shall be considered for Charity Care and/or discounted payment once the Financial Assistance Application has been approved or denied.
- iv. NIHD will not make Partial Charity Care *Financial Assistance Application* approval contingent upon a patient applying for governmental program assistance.
- v. NIHD will require Full Charity Care patients to apply for assistance from the governmental program, and the application will be pending until proof of determination has been submitted.
- vi. Many applicants are not aware that they may be eligible for assistance through Medi-Cal, the Healthy Families Program, Victims of Crime, California Children Services, or Covered California.
- vii. NIHD can assist individuals in determining if they are eligible for any governmental or other assistance.
- viii. Where administrative approval is required, the hospital will consider the request for service in a timely fashion and respond to it in writing.

### **b. Uncooperative Patients and Non-Compliant Patients:**

- i. *Uncooperative and Non-compliant patients* are defined as unwilling to disclose any financial information as requested for Full or Partial charity care determination during the application process. In these cases, the account will not be processed as charity care. The patient will be advised that unless they comply and provide the information, no further consideration will be given for charity care processing, and standard accounts receivable follow-up will begin.

### **c. Presumptive Eligibility**

- i. NIHD understands that certain patients may be unable to complete a Financial Assistance application, comply with requests for documentation, or otherwise be non-responsive to the application process. As a result, there may be circumstances under which a patient's qualification for Financial Assistance may be established without completing the formal assistance application. Under these circumstances, NIHD may utilize other information sources to assess financial need and determine whether the individual is eligible for financial assistance. This information will enable NIHD to make an informed decision on the financial

needs of non-responsive patients utilizing the best estimates available in the absence of information provided directly by the patient.

- ii. NIHD uses an automated financial screening tool that produces a fair, balanced, real-time determination of a patient's charity potential and propensity to pay. NIHD Credit and Billing Department will have access to this service with credit information pulled from Experian to be used to help determine if a patient is eligible for charity care/financial assistance. The Credit and Billing Department is authorized to access the patient's credit information for the sole purpose of determining eligibility for charity care/financial assistance. This information is strictly confidential and will be used only by Credit and Billing Department, the Revenue Cycle Management Director, and the CFO in conjunction with the charity care/financial assistance policy of NIHD to determine eligibility.

### C. Notice of Determination:

- a. **Timeline for determining eligibility:** While it is desirable to determine the amount of financial assistance for which a patient is eligible as close to the time of service as possible, there is no rigid limit on the time when the determination is made. In some cases, eligibility is readily apparent; in other cases, further investigation is required to determine eligibility. In some cases, a patient eligible for Financial Assistance may not have been identified before initiating external collection action. NIHD's external collection agency shall be made aware of this policy so that the agency knows to refer back to the hospital patient accounts that may be eligible for Financial Assistance
- b. **Notification Letter:** Once a Full or Partial Charity Care, Catastrophic Charity Care, or High Medical Cost Charity Care determination has been made, a "Charity Notification Letter" will be sent to each applicant advising them of the NIHD decision.
- c. **Dispute Resolution:** In the event of a dispute over the application of this policy, a patient may seek review from the hospital by notifying the NIHD CFO, Compliance Officer (760) 873-2022, or designee at (760) 873-2097, of the basis of any dispute and the desired relief. Written communication should be submitted within thirty (30) days of the patient's notice of the circumstances giving rise to the dispute. The CFO or designee shall review the concerns and inform the patient of any decision in writing.

### A. Communication of Financial Assistance Availability:

- a. **Information Provided to Patients:** During preadmission or registration (or as soon thereafter as practicable), NIHD shall offer:
  - i. Patients information regarding the charity care and discount policy, including a Discharge Notice.
  - ii. Patients the NIHD standardized financial assistance application.
  - iii. Any and all applications for Coverage that the patient may qualify for, such as Medi-Cal, the Healthy Families Program, Victims of Crime, California Children Services, or Covered California.

If the patient cannot receive this information at the time of service, it shall be provided during the discharge process. If the patient is not admitted, this information shall be provided when

the patient leaves the facility. If the patient leaves the facility without receiving this information, the hospital shall mail it to the patient within 72 hours of providing services.

- b. **Postings and Other Notices:** Information about Financial Assistance shall also be provided through clearly and conspicuously posted notices in locations that are visible to the public, including but not limited to the emergency department, billing office, admitting office, and other hospital outpatient service settings. This information shall also be available at <https://www.nih.org/bill-pay-insurance/>.
- c. **Applications Provided at Discharge:** If not previously provided, NIHD shall provide uninsured Patients with applications for Medi-Cal, Healthy Families, California Children's Services, and/or Covered California.
- d. **Notification to Uninsured Patients of Estimated Financial Responsibility:** Except in the case of emergency services, NIHD is required by law to provide all Uninsured Patients a good faith estimate of financial responsibility for hospital services. Estimates shall be written and provided during regular business hours. Estimates shall provide the patient with an estimate of the amount the NIHD 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 the average length of stay and services provided for the patient's diagnosis.
- e. **Reimbursement of Excess Payment:** The hospital shall reimburse the patient or patients any amount actually paid in excess of the amount due including interest. Interest owed by the hospital to the patient shall accrue at the rate set forth in Section 685.010 of the Code of Civil Procedure (7% for a Local Government Entity) beginning on the date payment by the patient is received by the hospital. However, a hospital is not required to reimburse the patient or pay interest if the amount due is less than five dollars (\$5.00). The hospital shall refund the patient within 30 days.

#### B. Other:

- a. **Billing and Collections Policy:** A separate Billing and Collections Policy describes actions NIHD may take in the event of nonpayment.
- b. **Where to Obtain Copies:** This Financial Assistance Policy, the Financial Assistance application, and the Billing and Collections Policy are available by calling Patient Financial Services at (760) 873-2097 and requesting a copy by mail or email, or for downloading online at <https://www.nih.org/bill-pay-insurance/>. Copies of policies and the application are also available in the Admissions areas and the Credit and Billing Office of Northern Inyo Healthcare District. English and Spanish translations are available at all locations.
- c. **Languages:** All notices and communications provided shall be available in English and any other language representative of 5% of the service population and a manner consistent with all applicable federal and state laws and regulations.
- d. **Recordkeeping:** Records relating to financial assistance must be readily accessible. NIHD must maintain information regarding the number of uninsured patients who have received service, the number of financial assistance applications completed, the number approved, the estimated dollar value of the benefits provided, the number denied, and the reasons for the denial. In addition, notes relating to each financial assistance application and approval or denial should be entered into the patient's account.

- e. **No Misrepresentation:** NIHD or its agents shall not misrepresent this policy to its patients or its patients' guarantors in any way.
- f. **Emergency Physicians:** An emergency physician, as defined in California Health and Safety Code §127450, who provides emergency medical services at NIHD is also required by law to provide discounts to uninsured patients or patients with high medical costs who are at or below 400 percent of the federal poverty level.
- g. **Submission to HCAI:** NIHD shall upload copies of this Financial Assistance Policy to the Department of Health Care Access and Information, or "HCAI." The policy shall be submitted in the manner and frequency prescribed by HCAI.
- h. **Patient Confidentiality:** All patient financial information obtained for the purposes of determining charity care, patient discounts, and billing and collections are required to be kept in strict confidence. Disclosure of such information is limited to those participating in the evaluation of a patient's eligibility for financial assistance. Unauthorized disclosure of a patient's confidential financial information is strictly prohibited and subject to disciplinary action to be determined by the CFO.
- i. **Contact for Information and Assistance:** Additional information from the Credit and Billing Department by:
  - > Calling (760) 873-2097
  - > Emailing [Credit.Billing@nih.org](mailto:Credit.Billing@nih.org)
  - > Visiting the Credit and Billing Information Office at Northern Inyo Hospital at 150 Pioneer Lane, Bishop, CA 93514
- j. **Shoppable Services.** The link to our Patient Price Estimator can be found at <https://nih.patientsimple.com/guest/#/index>
- k. **Hospital Bill Complaint Program.** The patient or patient's authorized representative may file a complaint through the Department's Hospital Bill Complaint Program online patient complaint portal by visiting the Department's website at [HospitalBillComplaintProgram.hcai.ca.gov](http://HospitalBillComplaintProgram.hcai.ca.gov), or by mail to the Department of Health Care Access and Information, Hospital Bill Complaint Program, located at 2020 West El Camino Avenue, Suite 1101, Sacramento, CA 95833.
- l. **Help Paying Your Bill.** There are free consumer advocacy organizations that will help you understand the billing and payment process. Call the Health Consumer Alliance at (888) 804-3536 or go to [healthconsumer.org](http://healthconsumer.org) for more information.
- m. **Help in Your Language.** If you need help in your language, please call (760) 873-2097, email [Credit.Billing@nih.org](mailto:Credit.Billing@nih.org), or visit the Credit and Billing Information Office at Northern Inyo Hospital. The office is open 8:30 a.m. – 4 p.m. at 150 Pioneer Lane in Bishop. Aids and services for people with disabilities, like documents in braille, large print, audio, and other accessible electronic formats, are also available. These services are free.
- n. **Postings.** A posting titled "Help Paying Your Bill" shall be updated annually with eligibility for discounts, the current FPL and discounts, "How to Apply" notice, "Hospital Bill Complaint Program" required statement, as section titled "More Help" with

information about the Health Consumer Alliance, and information on how a patient with a disability may access the notice in an accessible alternative format.

## **Responsible Department**

Implementation, training, and monitoring compliance with this policy and procedure are the responsibilities of Patient Financial Services.

## **Renewal/Review**

This policy and procedure shall be reviewed at planned intervals and evaluated as necessary, but at least every two years, to determine whether they comply with current recommendations, guidelines, mandates, statutes, practices, and NIHD operations. If changes are required, they will be updated as needed.

A copy of the published Financial Assistance Policy and all amended or revised Policies shall be provided to the State of California Department of Health Care Access and Information or "HCAI" (f/k/a the Office of Statewide Health Planning and Development) in accordance with HCAI state filing procedures.

## **REFERENCE:**

1. California Health and Safety Code Section 127400-127446.
1. CA AB 1020
2. Title 22 of the California Code of Regulations (CCR) section 96040-96051.37, et seq.)
3. IRC 501-R
4. California Senate Bill 1061 (SB 1061)
5. Hospital Fair Pricing Act (AB 774)
6. Fair Debt Collection Practices Act (FDCPA)
7. Fair Credit Reporting Act (FCRA)
8. No Surprises Act
9. Medicare CMS Manual 15: The Provider Reimbursement Manual.

## **RECORD RETENTION AND DESTRUCTION:**

Maintain all patient accounting files for fifteen (15) years.

## **CROSS REFERENCE POLICIES AND PROCEDURES:**

1. Billing and Collections
2. Price Transparency
3. Credit Balance Refund Processing
4. Prompt Pay Discounts
5. InQuiseek - #600 Financial Policies



**NORTHERN INYO HEALTHCARE DISTRICT  
NON-CLINICAL POLICY AND PROCEDURE**

**BAD DEBT COLLECTION**

Owner: Revenue Cycle Director Department: Fiscal Services  
 Scope: District Wide Date Last Modified: 12/16/2022  
 Last Review Date: 01/27/2025 Version: 3  
 Final Approval by: NIHD Board of Directors Original Approval Date: 10/2002

|   |   |  |
|---|---|--|
| Title: <del>Bad Debt</del>                            |   |  |
| Owner: <del>Chief Executive Officer</del>             |   | Department: <del>Administration</del>      |
| Scope: <del>Revenue Cycle Team</del>                  |   |  |
| Date Last Modified: <del>12/16/2022</del>             | Last Review Date: <del>01/27/2025</del> | Version: <del>2</del>                      |
| Final Approval by: <del>NIHD Board of Directors</del> |   | Original Approval Date: <del>10/2002</del> |

**PURPOSE:**

This policy ensures Northern Inyo Healthcare District’s billing and collection practices comply with California and federal law, promote financial transparency, and protect patients, particularly those eligible for financial assistance.

~~The purpose of the 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; to define the policy for billing and collection of accounts and to ensure reasonable collection efforts are administered. The following policy and procedures are to be followed for billing and collecting of patient accounts. The purpose of the procedure is to establish a system whereby we will have constant knowledge of each account.~~

**DEFINITIONS:**

**Accounts receivable and notes receivable:** These are designations for claims arising from rendering services and are collectible in money in the relatively near future.

~~**Bad Debts:** Bad debts are amounts considered to be uncollectible from accounts and notes-receivable which are created or acquired in providing services. "Accounts receivable" and "notes-receivable" are designations for claims arising from rendering services and are collectible in money in the relatively near future.~~  
**Agency Placement:** Outside collection agencies are used to collect accounts in Bad Debt Collection Status. When an account is in Bad Debt Collection Status, it has not been deemed totally worthless and uncollectible.

**Allowable Bad Debts:** Allowable bad debts are bad debts of the provider resulting from uncollectible deductibles and coinsurance amounts and meeting the criteria set forth in

**Section 308 of the CMS Provider Reimbursement Manual. Allowable bad debts must relate to specific deductibles and coinsurance amounts.**

**Bad Debts:** Bad debts are amounts considered to be uncollectible from accounts and notes receivable which are created or acquired in providing services. Bad debt is an uncollectible account resulting from the extension of credit. -

~~"Accounts receivable" and "notes receivable" are designations for claims arising from rendering services and are collectible in money in the relatively near future.~~

**Contractual Allowances or Discounts:** **Contractual allowances or discounts are the excess of the hospital's normal charge for healthcare services over the payment received from third party payors under contractual agreements.**

~~**Policy Discounts:** Differences between revenue recorded at established rates and amounts-realizable for services provided to employees (i.e. Prompt Pay Discounts).~~

**Charity Allowances:** **Charity allowances are reductions in charges made by the provider of services because of the indigence or medical indigence of the patient.**

**Deductible and Coinsurance Amounts:** **Deductible and coinsurance amounts are amounts payable by beneficiaries for covered services received from providers of services, excluding medical and surgical services rendered by physicians and surgeons.**

**Extraordinary Collection Action (ECA):** Under IRC Section 501(r), tax-exempt hospitals must comply with specific financial assistance and billing regulations. Hospitals cannot engage in Extraordinary Collection Actions (ECAs) before making reasonable efforts to determine if a patient qualifies for financial assistance.

**Financial Assistance:** Assistance is provided for eligible patients who are at or below 400% of the Federal Poverty Level Guidelines and out-of-pocket expenses for Medically Necessary Services or emergency services would cause financial hardship.

**Financial Assistance and Charity Care Policy:** A separate policy that describes NIHD's financial assistance and Charity Care program including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance. This policy can be obtained free of charge at NIHD, via email, on the website, or by contacting the Credit and Billing Office.

**General Credit Policy:** An attempt to get the responsible party to agree to a specific payment plan. NIHD may extend credit based on information provided to the Credit and Billing Office.

~~**Medically Necessary:** Health care services or supplies needed to diagnose or treat an illness, injury, condition, disease or its symptoms and that meet accepted standards of medicine.~~

**Group Policy:** The insurance policy purchased on behalf of the Guarantor by a larger (typically employer) group.

**Guarantor:** The person who is financially responsible for the patient's bill.

**Medically Necessary:** Health care services or supplies needed to diagnose or treat an illness, injury, condition, disease or its symptoms and that meet accepted standards of medicine.

**Patient/Guarantor Responsibility:** Any balance due where the financially responsible party is the patient or patient's guarantor and not a third-party payer; also known as "Self-Pay."

**Patient Statement or Statement:** A bill for services rendered. This can be a summary of activity or a detailed bill listing each charge and applicable credit on a patient account.

**Policy Discounts:** Differences between revenue recorded at established rates and amounts realizable for services provided to employees (i.e. Prompt Pay Discounts).

**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 Northern Inyo Healthcare District's (NIHD) Financial Assistance Charity Care Policy. More specifically, each of the following is an ECA:

- Selling an individual's debt to a third party, as permitted under California State Code;
- Reporting adverse information about the individual to a consumer credit reporting agency or credit bureau;
- Deferring or denying elective medically necessary care (non-emergent) because of an individual's nonpayment of a bill for previously provided care eligible for coverage under NIHD's Financial Assistance Charity Care Policy;
- Requiring a payment before providing elective medically necessary care (non-emergent) because of outstanding bills for previously provided care eligible for coverage under NIHD's Financial Assistance Charity Care Policy;
- Placing a lien on an individual's property;
- Foreclosing on an individual's real property;
- Attaching or seizing an individual's bank account or other personal property;
- Commencing a civil action against an individual or obtaining a writ of attachment; and
- Garnishing an individual's wages.

**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 who meet the eligibility criteria for such assistance. Financial assistance may not be granted for elective services.

**Charity Care Policy:** A separate policy that describes NIHD's financial assistance program including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance. NIHD's Charity Care Policy can be obtained free-



of charge in NIHD's admissions areas, by contacting the Business Office, requesting by mail, or on the official website.

**Agency Placement:** Outside collection agencies are used to collect accounts in Bad Debt Collection Status. When an account is in Bad Debt Collection Status, it has not been deemed totally worthless and uncollectible.

## **POLICY:**

1. NIHD is committed to fair and lawful billing and collection practices. We will make reasonable efforts to determine a patient's eligibility for financial assistance before pursuing any collection actions. This policy outlines permissible collection activities and prohibits actions that violate patient protections under California's Hospital Fair Pricing Act and related laws.
2. NIHD is committed to financial stability and preserving resources for indigent care. Our policy ensures clear and consistent billing and collection practices that comply with the law, prioritize patient satisfaction, and operate efficiently.

In the interest of promoting financial stability and conserving resources for indigent care, it is the policy of NIHD to provide clear and consistent guidelines for conducting billing and collection functions in a manner that will ensure that debts owed by guarantors for medical services provided by NIHD are collected in a manner that promotes compliance with the law, patient satisfaction, and efficiency.

Under state law, NIHD must allow a 180-day negotiation period, which is roughly equivalent to five-monthly statements and a sixth statement containing a notice of transfer to a collection agency.

3. Payment on accounts will be pursued consistently, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity or expression, disability, education, employment or student status, disposition, relationship, insurance coverage, community standing, or any other discriminatory differentiating factor. Information obtained from income tax returns, pay stubs, or the monetary asset documentation collected for the discount payment or charity care eligibility determinations may not be used for collection activities.
4. Payment on accounts will be pursued consistently, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity or expression, disability, education, employment or student status, disposition, relationship, insurance coverage, community standing, or any other discriminatory differentiating factor.
5. The guarantor is financially responsible for documented services received. It is the guarantor's responsibility to understand their insurance coverage, with self-pay liability determined by their group policy. NIHD will follow the insurance carrier's adjudication to identify self-pay balances for contracted insurance carriers.

## **PRACTICES:**

- 1. Patient Billing & Communication**

- a. NIHD will provide clear, itemized bills to patients and their guarantors.
- b. Patients will receive at least **two** notices before any collection action is taken.
- c. Financial assistance applications will be made available at no cost and will be accepted for up to **240 days** after the first bill.

## **2. Prohibited Collection Actions**

NIHD will not engage in the following actions to collect medical debt:

- a. Selling a patient's debt to a third party unless the buyer adheres to NIHD's financial assistance policies.
- b. Denying or delaying medically necessary (non-emergent) care due to unpaid bills if the patient qualifies for financial assistance.
- c. Requiring upfront payment for medically necessary (non-emergent) care if the outstanding debt is eligible for financial assistance.
- d. Placing a lien on a patient's primary residence.
- e. Foreclosing on a patient's real property.
- f. Seizing a patient's bank account or personal property without first determining financial assistance eligibility and obtaining a legal judgment.
- g. SB 1061 (2025) prohibits consumer credit reporting agencies from including medical debt information in consumer credit reports.
  - i. Violating this provision renders the medical debt void and unenforceable.

## **3. Permitted Collection Actions**

If a patient does not qualify for financial assistance and fails to establish a payment plan, NIHD may:

- a. Refer the account to a third-party collection agency without selling the debt.
- b. File a civil lawsuit to recover unpaid debts, only after:
  - i. Determining the patient does not qualify for financial assistance.
  - ii. Providing at least 180 days' notice before legal action.
  - iii. Offering a reasonable payment plan based on the patient's income.
- c. Garnish wages or seek a writ of attachment only after obtaining a court judgment and ensuring compliance with wage garnishment limits.

## **4. Financial Assistance & Payment Plans**

- a. NIHD will actively screen patients for charity care and financial assistance eligibility before pursuing collections.
- b. If a patient qualifies, their bill may be reduced or forgiven based on income.
- c. Patients who do not qualify may request a reasonable, interest-free payment plan.

**5. Before pursuing Extraordinary Collection Actions (ECAs), hospitals must:**

- a. Provide a written notice about financial assistance availability.
- b. Allow at least 120 days from the first billing statement before initiating ECAs.
- c. Give an additional 30-day notice before taking legal action.
- d. Wait at least 240 days from the first bill before selling or transferring debt.
- e. Screen for financial assistance eligibility before proceeding with ECAs.

**6. NIHD may engage in Extraordinary Collection Actions such as**

- a. Selling patient debt to a third party.
- b. Legal actions, including lawsuits, liens on property, wage garnishment, and bank account seizures.

**PROCEDURE:**

~~Under state law, NIHD must allow a 180-day negotiation period, which is roughly equivalent to five monthly statements and a sixth statement containing a notice of transfer to a collection agency. NIHD will not send medical bills to a debt collection agency until the 180-day period has elapsed.~~

~~Payment on accounts will be pursued consistently, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity or expression, disability, education, employment or student status, disposition, relationship, insurance coverage, community standing, or any other discriminatory differentiating factor.~~

- ~~1. Every patient or guarantor will be given reasonable time and communication to be aware of and understand their financial responsibility. The guarantor will be held financially responsible for services provided and adequately documented. Understanding each guarantor's insurance coverage is the responsibility of the guarantor. Any self-pay liability secondary to insurance coverage is defined by the guarantor's group policy. NIHD will rely on the insurance carrier's adjudication for identifying self-pay balances.~~
- ~~2.~~
- 3. A statement of hospital and physician services will be sent to the patient or guarantor in incremental billing cycles.**
- 4. Billing representatives may attempt to contact the patient or guarantor via telephone, mail, collection letter, text messaging, email, or any other appropriate method during the statement billing cycle in order to pursue collections.**
- 5. NIHD will make reasonable efforts to determine a patient's eligibility for financial assistance under NIHD's Financial Assistance and Charity Care Policy.
- 6. Collection efforts are documented in the patient's account.

~~7.~~

~~8. A bad debt account is an uncollectible account resulting from the extension of credit. Payment defaults, or bad debts, may result from the following: non-payment of agreed upon payment arrangements, patients that cannot be contacted for payment, patients file for bankruptcy and lack sufficient assets to make payment, insolvent estates, and guarantors who refuse to pay.~~

~~9.~~

**10. When all feasible collection efforts have been exhausted on an account and it has been determined that the balance is uncollectible, the account shall be identified as bad debt and will go into a “bad debt” status in the hospital billing system. NIHD will not send medical bills to a debt collection agency until the 240-day period has elapsed.**

~~11.~~

~~12. Collection efforts are documented in the patient’s account.~~

~~13. The Chief Financial Officer, Revenue Cycle Director, or designee authorizes advancing accounts that meet the criteria listed for collection.~~

~~14. Accounts with a “Return Mail” status are eligible for collection assignment after all good-faith efforts to identify a correct address have been documented and exhausted.~~

~~15. This generally will not occur until the account has aged for a period of 180 days.~~

General Credit Policy – An attempt to get the responsible party to agree to a specific payment plan. NIHD ~~may extend credit based on information provided in the Billing and Collections.~~

~~Any and all accounts that are placed into the bad debt collection status will meet the following criteria:~~

~~NIHD has made reasonable efforts to determine a patient’s eligibility for financial assistance under NIHD’s Financial Assistance Charity Care Policy~~

**16. NIHD will pursue collection actions for amounts outstanding when the patient qualified for fFinancial aAssistance and partial relief was granted.**

~~17.~~

**18. As stated in NIHD’s Financial Assistance and Charity Care Policy, a patient may qualify for an ~~extended interest charity pa~~payment plan for any patient out-of-pocket fees. The payment plan shall consider the patient’s family income and the amount owed.**

~~19.~~

~~20. 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.~~

**21. The debt must be related to covered services and derived from self-pay status or from the remaining deductible and co-insurance amounts of insured patients.**

- ~~22. Sound business judgment established that the account was unlikely of recovery.~~
- ~~23. The bad debt was held for at least 180 days from the date of the first bill.~~
24. If a patient currently has accounts with unresolved bad debt balances, NIHD reserves the right to send other open accounts with patient balances to collections earlier.
- ~~25. 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.~~
- 26. Accounts at a collection agency may be recalled and returned to NIHD at the discretion of NIHD and/or according to state or federal laws and regulations. NIHD 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.**
- ~~27. Extraordinary Collection Action (ECA) NIHD reserves the right to use ECA.~~
- ~~28. After these items have been completed and no action to pay by the guarantor or patient was taken, the account(s) will be processed as follows:~~
- a. **All accounts with a balance of \$10.00 or greater will qualify for automatic placement with an outside collection agency.**
  - b. **All accounts with a balance of \$9.99 or less will qualify for automatic small balance write off.**
  - c. **After the outside collection agency determines that the debt is uncollectible or after the small balance write-off was completed, a form 1099M will be issued by February 28, if by mail, or March 31, if by electronic file to the IRS.**

#### **REFERENCES:**

1. **IRC 501-R**
2. [California Senate Bill 1061 \(SB 1061\)](#)
3. [Hospital Fair Pricing Act \(AB 774\)](#)
4. [Fair Debt Collection Practices Act \(FDCPA\)](#)
5. [Fair Credit Reporting Act \(FCRA\)](#)
6. [No Surprises Act](#)
7. **Medicare CMS Manual 15: The Provider Reimbursement Manual.**

#### **RECORD RETENTION AND DESTRUCTION:**

**Maintenance of records is for a minimum of fifteen (15) years.**

#### **CROSS REFERENCE POLICIES AND PROCEDURES:**

1. **Charity Care Program**
2. **Billing and Collections policy**
3. **Pricing Transparency Policy**
4. **Prompt Pay Discounts**

**Supersedes:** v.1 Bad Debt Policy





**NORTHERN INYO HEALTHCARE DISTRICT  
NON-CLINICAL POLICY AND PROCEDURE**

|  |                                 |            |
|--|---------------------------------|------------|
| Title: Bad Debt                            |                                 |            |
| Owner: Revenue Cycle Director              | Department: Fiscal Services     |            |
| Scope: District Wide                       |                                 |            |
| Date Last Modified: 03/25/2025             | Last Review Date: 1/27/2025     | Version: 3 |
| Final Approval by: NIHD Board of Directors | Original Approval Date: 10/2002 |            |

**PURPOSE:**

This policy ensures Northern Inyo Healthcare District’s billing and collection practices comply with California and federal law, promote financial transparency, and protect patients, particularly those eligible for financial assistance.

**DEFINITIONS:**

**Accounts receivable and notes receivable:** These are designations for claims arising from rendering services and are collectible in money in the relatively near future.

**Agency Placement:** Outside collection agencies are used to collect accounts in Bad Debt Collection Status. When an account is in Bad Debt Collection Status, it has not been deemed totally worthless and uncollectible.

**Allowable Bad Debts:** Allowable bad debts are bad debts of the provider resulting from uncollectible deductibles and coinsurance amounts and meeting the criteria set forth in Section 308 of the CMS Provider Reimbursement Manual. Allowable bad debts must relate to specific deductibles and coinsurance amounts.

**Bad Debts:** Bad debts are amounts considered to be uncollectible from accounts and notes receivable which are created or acquired in providing services. Bad debt is an uncollectible account resulting from the extension of credit.

**Contractual Allowances or Discounts:** Contractual allowances or discounts are the excess of the hospital's normal charge for healthcare services over the payment received from third party payors under contractual agreements.

**Charity Allowances:** Charity allowances are reductions in charges made by the provider of services because of the indigence or medical indigence of the patient.

**Deductible and Coinsurance Amounts:** Deductible and coinsurance amounts are amounts payable by beneficiaries for covered services received from providers of services, excluding medical and surgical services rendered by physicians and surgeons.

**Extraordinary Collection Action (ECA):** Under IRC Section 501(r), tax-exempt hospitals must comply with specific financial assistance and billing regulations. Hospitals cannot engage in Extraordinary Collection Actions (ECAs) before making reasonable efforts to determine if a patient qualifies for financial assistance.

**Financial Assistance:** Assistance is provided for eligible patients who are at or below 400% of the Federal Poverty Level Guidelines and out-of-pocket expenses for Medically Necessary Services or emergency services would cause financial hardship.

**Financial Assistance and Charity Care Policy:** A separate policy that describes NIHD's financial assistance and Charity Care program including the criteria patients must meet in order to be eligible for financial assistance as well as the process by which individuals may apply for financial assistance. This policy can be obtained free of charge at NIHD, via email, on the website, or by contacting the Credit and Billing Office.

**General Credit Policy:** An attempt to get the responsible party to agree to a specific payment plan. NIHD may extend credit based on information provided to the Credit and Billing Office.

**Group Policy:** The insurance policy purchased on behalf of the Guarantor by a larger (typically employer) group.

**Guarantor:** The person who is financially responsible for the patient's bill.

**Medically Necessary:** Health care services or supplies needed to diagnose or treat an illness, injury, condition, disease or its symptoms and that meet accepted standards of medicine.

**Patient/Guarantor Responsibility:** Any balance due where the financially responsible party is the patient or patient's guarantor and not a third-party payer; also known as "Self-Pay."

**Patient Statement or Statement:** A bill for services rendered. This can be a summary of activity or a detailed bill listing each charge and applicable credit on a patient account.

**Policy Discounts:** Differences between revenue recorded at established rates and amounts realizable for services provided to employees (i.e. Prompt Pay Discounts).

## **POLICY:**

1. NIHD is committed to fair and lawful billing and collection practices. We will make reasonable efforts to determine a patient's eligibility for financial assistance before pursuing any collection actions. This policy outlines permissible collection activities and prohibits actions that violate patient protections under California's Hospital Fair Pricing Act and related laws.



2. NIHD is committed to financial stability and preserving resources for indigent care. Our policy ensures clear and consistent billing and collection practices that comply with the law, prioritize patient satisfaction, and operate efficiently.
3. Information obtained from income tax returns, pay stubs, or the monetary asset documentation collected for the discount payment or charity care eligibility determinations may not be used for collection activities.
4. Payment on accounts will be pursued consistently, regardless of race, color, religion, national origin, age, sex, sexual orientation, gender identity or expression, disability, education, employment or student status, disposition, relationship, insurance coverage, community standing, or any other discriminatory differentiating factor.
5. The guarantor is financially responsible for documented services received. It is the guarantor's responsibility to understand their insurance coverage, with self-pay liability determined by their group policy. NIHD will follow the insurance carrier's adjudication to identify self-pay balances for contracted insurance carriers.

## **PRACTICES:**

### **1. Patient Billing & Communication**

- a. NIHD will provide clear, itemized bills to patients and their guarantors.
- b. Patients will receive at least **two** notices before any collection action is taken.
- c. Financial assistance applications will be made available at no cost and will be accepted for up to **240 days** after the first bill.

### **2. Prohibited Collection Actions**

NIHD will not engage in the following actions to collect medical debt:

- a. Selling a patient's debt to a third party unless the buyer adheres to NIHD's financial assistance policies.
- b. Denying or delaying medically necessary (non-emergent) care due to unpaid bills if the patient qualifies for financial assistance.
- c. Requiring upfront payment for medically necessary (non-emergent) care if the outstanding debt is eligible for financial assistance.
- d. Placing a lien on a patient's primary residence.
- e. Foreclosing on a patient's real property.
- f. Seizing a patient's bank account or personal property without first determining financial assistance eligibility and obtaining a legal judgment.
- g. SB 1061 (2025) prohibits consumer credit reporting agencies from including medical debt information in consumer credit reports.
  - i. Violating this provision renders the medical debt void and unenforceable.

### 3. Permitted Collection Actions

If a patient does not qualify for financial assistance and fails to establish a payment plan, NIHD may:

- a. Refer the account to a third-party collection agency without selling the debt.
- b. File a civil lawsuit to recover unpaid debts, only after:
  - i. Determining the patient does not qualify for financial assistance.
  - ii. Providing at least 180 days' notice before legal action.
  - iii. Offering a reasonable payment plan based on the patient's income.
- c. Garnish wages or seek a writ of attachment only after obtaining a court judgment and ensuring compliance with wage garnishment limits.

### 4. Financial Assistance & Payment Plans

- a. NIHD will actively screen patients for charity care and financial assistance eligibility before pursuing collections.
- b. If a patient qualifies, their bill may be reduced or forgiven based on income.
- c. Patients who do not qualify may request a reasonable, interest-free payment plan.

### 5. Before pursuing Extraordinary Collection Actions (ECAs), hospitals must:

- a. Provide a written notice about financial assistance availability.
- b. Allow at least 120 days from the first billing statement before initiating ECAs.
- c. Give an additional 30-day notice before taking legal action.
- d. Wait at least 240 days from the first bill before selling or transferring debt.
- e. Screen for financial assistance eligibility before proceeding with ECAs.

### 6. NIHD may engage in Extraordinary Collection Actions such as

- a. Selling patient debt to a third party.
- b. Legal actions, including lawsuits, liens on property, wage garnishment, and bank account seizures.

## PROCEDURE:

1. Every patient or guarantor will be given reasonable time and communication to be aware of and understand their financial responsibility.
2. A statement of hospital and physician services will be sent to the patient or guarantor in incremental billing cycles.

3. Billing representatives may attempt to contact the patient or guarantor via telephone, mail, collection letter, text messaging, email, or any other appropriate method during the statement billing cycle in order to pursue collections.
4. NIHD will make reasonable efforts to determine a patient's eligibility for financial assistance under NIHD's Financial Assistance and Charity Care Policy
5. When all feasible collection efforts have been exhausted on an account and it has been determined that the balance is uncollectible, the account shall be identified as bad debt and will go into a "bad debt" status in the hospital billing system. NIHD will not send medical bills to a debt collection agency until the 240-day period has elapsed.
6. Collection efforts are documented in the patient's account.
7. The Chief Financial Officer, Revenue Cycle Director, or designee authorizes advancing accounts that meet the criteria listed for collection.
8. Accounts with a "Return Mail" status are eligible for collection assignment after all good-faith efforts to identify a correct address have been documented and exhausted.
9. NIHD will pursue collection actions for amounts outstanding when the patient qualified for financial assistance and partial relief was granted.
10. As stated in NIHD's Financial Assistance and Charity Care Policy, a patient may qualify for a payment plan for any patient out-of-pocket fees. The payment plan shall consider the patient's family income and the amount owed.
11. Accounts at a collection agency may be recalled and returned to NIHD at the discretion of NIHD or according to state or federal laws and regulations. NIHD 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.
12. After these items have been completed and no action to pay by the guarantor or patient was taken, the account(s) will be processed as follows:
  - a. All accounts with a balance of \$10.00 or greater will qualify for automatic placement with an outside collection agency.
  - b. All accounts with a balance of \$9.99 or less will qualify for automatic small balance write off.
  - c. After the outside collection agency determines that the debt is uncollectible or after the small balance write-off was completed, a form 1099M will be issued by February 28, if by mail, or March 31, if by electronic file to the IRS.

**REFERENCES:**

1. IRC 501-R
2. California Senate Bill 1061 (SB 1061)
3. Hospital Fair Pricing Act (AB 774)
4. Fair Debt Collection Practices Act (FDCPA)
5. Fair Credit Reporting Act (FCRA)

6. No Surprises Act
7. Medicare CMS Manual 15: The Provider Reimbursement Manual.

**RECORD RETENTION AND DESTRUCTION:**

Maintenance of records is for a minimum of fifteen (15) years.

**CROSS REFERENCE POLICIES AND PROCEDURES:**

1. Charity Care Program
2. Billing and Collections policy
3. Pricing Transparency Policy
4. Prompt Pay Discounts

|                          |
|--------------------------|
| Supersedes: v.3 Bad Debt |
|--------------------------|